HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 24, 2012
APPLICATION SUMMARY

NAME OF PROJECT:	Surgical & Pain Treatment Center of Clarksville, LLC
PROJECT NUMBER:	CN1207-036
ADDRESS:	2269 Wilma Rudolph Blvd. Suite 102 Clarksville, (Montgomery County), TN 37040
LEGAL OWNER:	Superior Healthcare, PLLC 2269 Wilma Rudolph Blvd. Suite 107 Clarksville, (Montgomery County), TN 37040
OPERATING ENTITY:	Not Applicable
CONTACT PERSON:	W. Brantley Phillips, Jr. (615) 742-7723
DATE FILED:	July 13, 2012
PROJECT COST:	$1,012,933
FINANCING:	Commercial Loan
PURPOSE OF REVIEW:	Establishment of a single specialty Ambulatory Surgical Treatment Center (ASTC), limited to Pain Management

PROJECT DESCRIPTION:

Surgical & Pain Treatment Center of Clarksville, LLC is seeking approval to establish a single specialty ambulatory surgical treatment center (ASTC) limited to pain management at 2269 Wilma Rudolph Blvd. Suite 102, Clarksville, (Montgomery County), TN 37040. The ASTC is proposed to be housed in 1,500 square feet of build-out space immediately adjacent to the practice office of Clarksville Pain Consultants located at 2269 Wilma Rudolph Blvd. Suite 107, Clarksville, (Montgomery County), TN 37040. The single specialty ASTC will contain one operating room, two (2) pre-op/holding stations, two (2) post-

operative recovery stations, a nursing/staff work station, an exam room, support areas, including clean and soiled storage, secure storage room, and a reception and waiting area. (*See floor plan in Attachment B.III*). The ASTC will be staffed from 8:00AM and 5:30PM, three days per week.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

AMBULATORY SURGICAL TREATMENT CENTER

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:
   a. An operating room is available 250 days per year, 8 hours per day.

      The applicant indicates the pain management ASTC with one operating room will be used three days per week.

   b. The average time per outpatient surgery case is 60 minutes.

      The applicant indicates the procedures in this project will be fluoroscopy guided injections which will average 15 minutes per case.

   c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

      The applicant indicates the average turnaround time between cases will be 5 minutes.

   d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

      The applicant estimates 1.77 procedures per case and projects 3,067 cases (i.e., 5,430 procedures) in the first year and 3,220 cases (i.e., 5,702 procedures) in the second year.

      It appears that this criterion has been met.

e. **Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity**

A review of the Joint Annual Reports over the period of the latest three years reveals that all rooms reported in the Joint Annual Reports have been counted in the analysis in this application.

It appears that this criterion has been met.

2. **"Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.**

The applicant identifies Montgomery and Stewart Counties as the proposed project's primary service area. 86% of the patients in the physicians' practice associated with the proposed project reside in Montgomery and Stewart Counties.

It appears that this criterion has been met.

3. **The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.**

The applicant states the majority of patients will live within 30 minutes travel time to central Clarksville and this facility.

It appears that this criterion has been met.

4. **All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.**

The applicant is proposing to build one operating room within the ASTC and estimates 1.77 procedures per case and projects 3,067 cases (i.e., 5,430 procedures) in the first year and 3,220 cases (i.e., 5,702 procedures) in the second year.

It appears that this criterion has been met.

5. **A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.**

   The two multi-specialty ASTCs within the applicant's proposed primary service area have not performed over the three most recently reported years at an average of the Guidelines for Growth ASTC utilization standard of 800 cases/room/year. However, the applicant is proposing the first and only single specialty pain management ASTC within the primary service area, Montgomery and Stewart Counties.

   It appears that this criterion has been met.

6. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.**

   The applicant plans to have one (1) operating room in the ASTC designated for ambulatory surgical services.

   It appears that this criterion has been met.

7. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center**

must project patient utilization for each of the first eight quarters following completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant provides projected utilization for the first eight quarters after project completion on page 18 of the original application, followed by the methodology for projections which includes current procedures performed by Clarksville Pain Consultants

It appears that this criterion has been met.

8. **A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.**

The applicant has selected a primary service area of Montgomery and Stewart Counties. Approximately 73% of the Clarksville Pain Consultants' patients reside in Montgomery County, while another 13% of the patients reside in Stewart County. The ASTCs patient origin is based on the practice's patient origins.

It appears that this criterion has been met.

SUMMARY:

The Surgical & Pain Treatment Center of Clarksville will be located on a 1.47 acre property approximately 3 miles off 1-24, at exit #4 in Clarksville, Montgomery County Tennessee. It will be adjacent to Clarksville Pain Consultants, which is Dr. Kyle Longo and Dr. G. Thomas Morgan's multidisciplinary State Certified Pain Management Center (*See Plot Plan in Attachment B.III*). There is a public bus stop directly in front of the facility which services all of Montgomery County, and part of Hopkinsville, KY. The public bus stops every thirty minutes for all major access points in Clarksville. Additionally, the proposed location is served by the TennCare Transport Van.

According to the applicant, Clarksville Pain Consultants (CPC) has offered medical and chiropractic services since 2009. With the growth and variety of CPC's patient population, and the growing need for access to health and wellness care in Montgomery County, the practice expanded to include dietary counseling, wellness counseling, and patient-specific exercise programs. In late 2011, the practice expanded further to add higher level interventional pain management procedures, performed by Clarksville-area physicians, all of which were Board Certified in Pain Management and experienced in interventional pain management procedures. The founder of Clarksville Pain Consultants, Dr. Kyle Longo, has provided chiropractic treatment for CPC patients, but does not perform any interventional pain management. Recently, G. Thomas Morgan, M.D., a pain management specialist, has joined the CPC practice on a full-time basis.

Dr. Morgan is certified by the American Board of Physical Medicine and Rehabilitation and also the American Board of Pain Medicine. He is an active member of the International Spine Intervention Society. Dr. Morgan has served as the team physician for several high schools, colleges, along with serving as a specialty physician for the US Olympic Team. Dr. Morgan oversees patient care at Clarksville Pain Consultants. In addition to managing patient care, Dr. Morgan also performs interventional pain management procedures (*See Dr. Morgan's Curriculum Vitae in Attachment A.4.of the original application*).

The applicant indicates protocols have been developed using best-practice standards and evidenced-based medicine for all patients receiving interventional pain management procedures. This will include monitoring of cardiac status; continuous blood pressure monitoring; and pulse oxygenation levels. Patients will receive complete physical assessments and histories to identify potential risks which will also include an "Anesthesia Assessment Score (ASA)" as recommended by medical standards. All patients will be monitored post-operatively by a Registered Nurse and will not be discharged from the facility until completely stable and released by the physician.

Superior Healthcare, PLLC, d/b/a Clarksville Pain Consultants, is the owner of the proposed ambulatory surgical center. The majority owner of Superior Healthcare, PLLC is Kyle M. Longo, D.C. (95%), with G. Thomas Morgan, M.D. (5%), as the remaining owner and Medical Director. Neither Dr. Longo

nor Dr. Morgan has any other interests in any other Tennessee healthcare facility. *See organization chart in Attachment A.4.of the original application.*

The applicant describes the need for the proposed single specialty ASTC on page 6 of the original application. Among the applicant's key points:

- Patients are continuing to seek alternatives to spinal surgery for relief from pain. Amongst those persons seeking alternatives for pain relief are veterans returning from active duty, as well as older patients in Montgomery County have multiple co-morbidities and chronic conditions which cause pain. Pain intervention procedures provide options to surgery and/or narcotics.
- The proposed ASTC will focus on physician-driven patient care pathways that integrate multiple modalities including chiropractic treatment, wellness counseling, exercise plans, patient education and various pain management interventions.
- Due to the limited number of facilities, patients presently experience scheduling delays, which may be up to a month for higher levels of pain management interventions.
- The proposed ASTC is a safer setting for high risk patients
- Moving certain procedures from an office-setting to an operating room setting will improve reimbursement and assist in off-setting the costs of pro-bono treatments to un-insured or under-insured patients which currently amount to $13,000/month and allow CPC to continue these types of services.
- Patients will have easier access to the facility through public transportation and proximity to major roads and freeways.

The applicant cites a recent 2011 US Department of Health and Human Services (DHHS) and Institute of Medicine's (IOM) report "Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research" which identifies acute and chronic pain as a nationwide health care issue of remarkable scope. According to the Report, chronic pain affecting at least 116 million Americans, which is more than the totals affected by heart disease, cancer and diabetes combined. The applicant notes recent efforts by the Tennessee Medical Association changes state regulations to curb erratic and unprofessional pain management practices that rely too heavily on narcotics. Under the new Tennessee certification process for the establishment of "State Certified Pain Management Clinics", CPC and the applicant believes the

proposed ASTC will qualify as a state-certified pain management facility. *Note to Agency members: A brief summary of the IOM's report is provided in Attachment B.II.C to the original application.*

The applicant indicates Clarksville Pain Consultants will be the primary referral source for the proposed facility. Currently, the typical patient from Clarksville Pain Consultants is referred from Primary Care, Internists, Orthopedists, and other Physicians and Providers in the primary service area. Some patients are even referred from Neurosurgeons, as they may only be available in the primary service area one to two times a month. Most patients are seeking interventions other than more invasive spinal surgery.

The applicant indicates Dr. Morgan and the staff at Clarksville Pain Consultants practice the most recent evidenced-based pain management interventions. The surgery center will allow those pain management interventions to be performed in the best environment – in a secure, surgical setting with optimal patient safety and quality standards in place. It will also assist patient satisfaction as it will be located directly adjacent to Clarksville Pain Consultants in central Clarksville. The proposed facility will provide optimal standards of care. Combined with location, these will assist in the recruitment of additional Board Certified Pain Management Physicians. The facility as proposed will enhance the development of a "Pain Management Center of Excellence."

Citing information from CPC's medical records, the applicant indicates its primary service area will be Montgomery (73% patients) and Stewart Counties (13% of patients) from which the Clarksville Pain Consultants drew 86% of its patients. According to the Department of Health's Division of Health Statistics, the population of the primary service area counties is estimated to be 173,360 in 2012 and is expected to increase by 5.2% to 182,408 by 2016. The age 65+ proportion of the service area population in 2012 is 16,599 (9.6% of the total population) and is projected to grow by 14.1% to 18,644 in 2016 (10.4% of the total population). Service area residents enrolled in TennCare on June, 2012 equal 15.2% of the population, according to the Bureau of TennCare. The statewide enrollment is TennCare is 19.0%

Based on the Joint Annual Reports submitted to the Department of Health, there currently are no single specialty ASTCs which offer pain management services and only two multi-specialty ambulatory surgical treatment centers licensed within Montgomery County which offer pain management treatments. The

remaining three licensed ASTCs are licensed as single specialty ASTCs, offering only GI services (2), or radiation therapy services (1). The two multi-specialty ASTCs are Surgery Center of Clarksville, which has four (4) operating rooms and two (2) procedure rooms and the Clarksville Surgery Center which has three (3) operating rooms and two (2) procedure rooms. There are no ASTCs in Stewart County.

According to the three most recently reported Joint Annual Reports (2009-2011), the multispecialty ASTCs have not exceeded the *Guidelines for Growth's* minimum 800/cases/room/year standard for each of the previous three years. In addition, pain management patients accounted for only 18.2% of the cases performed in the Montgomery County multi-specialty ASTCs in 2011. Below are the available capacity and utilization of the ambulatory surgical treatment center operating rooms in Montgomery County:

Historical Capacity and Utilization of Multi-Specialty ASTCs within Montgomery & Stewart Counties

		2009 (Final)	2010 (Final)	2011 (Final)	
Facility	Oper. Rms/ Proc. Rms*	Cases	Cases	Cases	% of 2011 Total
Surgery Center of Clarksville	4 / 2				
Pain Management		1,133	1,138	1,024	27.1%
Total Outpatient Surgeries		**3,981**	**3,738**	**3,784**	
Cases per OR/PR		**664**	**623**	**631**	
Clarksville Surgery Center	3 / 2				
Pain Management		21	270	136	5.3%
Total Outpatient Surgeries		**2,556**	**2,956**	**2,576**	
Cases per OR/PR		511	591	515	
Primary Service Area Totals					
Pain Management		1,154	1,408	1,160	18.2%
Total Outpatient Surgeries		**6,537**	**6,694**	**6,360**	
	7 / 4 = 11				
Cases per OR/PR		594	609	578	

*The area's multi-specialty ASTC operating/procedure room capacity has not changed over the three reported years.

Source: Department of Health, Division of Health Statistics, Joint Annual Reports 2009-*Final*, 2010-*Final*, 2011-*Final*

The applicant indicates development of this proposal will have little impact on these neighboring ASTCs which provide pain management service. Clarksville Pain Consultant's project will be relocating interventional procedures not from the two other multi-specialty ASTC facilities, but from their own office practice. According to the applicant, none of the physicians performing pain

management procedures at CPC perform any pain management procedures at the other facilities in Clarksville. The applicant reported the performance of 4,936 procedures on 2,788 cases at CPC's office in 2012 and projected 5,430 procedures on 3,067 cases in 2013, the first year of the proposed ASTC's operation, and 5,702 procedures on 3,220 cases in 2014, the proposed ASTC's second year of operation.

The projected Average Gross Charge per case is $817.10, with average deductions from revenue reducing the Average Net Revenue collected to $188.10 per case. The applicant has provided a comparison of the proposed ASTC charges to comparable facilities in the table on page 37.5 of the application. Projections indicate the facility will perform 3,067 cases in the first year of operation. Net operating income less capital expenditures (NOI) of $487,299 is projected, an amount equal to approximately 11% of gross operating revenue during the first year of operation. NOI is expected to remain relatively level at approximately 11% of gross operating revenue on 3,220 cases in the second year of the project, raising its net operating income less capital expenditures to $501,117. The applicant proposes to staff the ASTC with seven (7) FTEs (3.0 FTE RNs, 1.0 FTE X-ray techs, 1.0 FTE Certified Medical Assistant and 1.0 Business Office Clerk/Scheduler, and 1.0 FTE Biller/Coder). The government payor mix is expected to be 31.1% TennCare (or $2,056,600) and 35.1% Medicare (or $2,319,144) based on gross operating revenue in the first year of the project. The applicant states it intends to contract with three TennCare MCOs: TennCare Select, AmeriChoice and AmeriGroup. According to the applicant, Clarksville Pain Consultants currently has a 31% TennCare/Medicaid payor mix with two MCOs (AmeriChoice and TennCare Select) under contract.

The total estimated project cost is $1,012,993. This sum is composed of $275,625 in construction costs with contingency for building out the leased space, $562,500 for a 5 year facility lease, $8,900 in movable equipment purchased for the project, $100,500 for moveable equipment which will be transferred to the applicant from the practice entity, $13,125 in architectural and engineering fees, $45,000 for legal administrative and consultant fees; $4,283 in interim financing and $3,000 for the CON filing fee. The applicant indicates the actual budgeted Capital Costs of the project is $349,933, with the remainder of the project costs being the fair market value of the lease and the transferred equipment from the practice.

The applicant intends to finance the project through a bank loan. A copy of a letter from the Vice President of First Advantage Bank of Clarksville, indicating

First Advantage Bank's interest in providing a $350,000 construction loan to the Surgical and Pain Treatment Center of Clarksville is included as Attachment C.2.

The applicant has submitted the required corporate documentation, the real estate lease and demographic information. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Note to Agency members: Please see the Executive Director's memo which is attached directly behind this summary.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for other Service Area entities proposing pain management ambulatory surgical treatment center services.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PMW
10/10/12

STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY
500 Deaderick Street
Suite 850
Nashville, Tennessee 37243
741-2364

MEMO

DATE: October 10, 2012

TO: HSDA Members

FROM: Melanie M. Hill
Executive Director

RE: Surgical & Pain Treatment Center of Clarksville
CN1207-036

The purpose of this memo is to share information received from the Tennessee Medical Association (TMA) this past June related to the passage of the Interventional Pain Management Act. This information was shared with HSDA members on June 13, 2012. A copy of it is attached.

I have also attached a copy of my e-mail to the applicant's representative and his response regarding who would be performing pain management injections.

June 13, 2012

Agency members,

Jim and I recently met with Tennessee Medical Association representatives Gary Zelizer, Director, Government Affairs and Yarnell Beatty, Director, Legal and Government Affairs. I've attached the data that was discussed during the meeting. Below you will find links to the legislation and to a TMA statement. Gary has offered to come to one of our meetings to discuss in more detail if needed.

Interventional Pain Management Act
http://state.tn.us/sos/acts/107/pub/pc0961.pdf

Tennessee Medical Association statement (from TMA website)
http://tnmed.org/painbill-signed/?__taxonomyid=153

Pain Management Clinic
http://state.tn.us/sos/acts/107/pub/pc0869.pdf

Melanie

Melanie M. Hill, Executive Director
Health Services & Development Agency
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From: Melanie Hill
Sent: Wednesday, June 13, 2012 2:39 PM
To: Gary **Zelizer**
Cc: Yarnell Beatty; Julie Griffin; Jim Christoffersen
Subject: RE: Interventional Pain Management

Thanks, Gary. Just wanted to be sure that we could get as much information as possbile to the board.
Melanie

Melanie M. Hill, Executive Director
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From: Gary Zelizer [Gary.Zelizer@tnmed.org]
Sent: Wednesday, June 13, 2012 2:17 PM
To: Melanie Hill
Cc: Yarnell Beatty; Julie Griffin; Jim Christoffersen
Subject: RE: Interventional Pain Management

Melanie: sorry for using vague terminology that wasn't clear. For purposes of pain management, mid-levels would include certified nurse practitioners, CRNAs and PAs. To the best of my knowledge, there is no standard definition of allied health professionals. We appreciate your help and understanding.

Gary M. Zelizer
Director of Government Affairs
Tennessee Medical Association
2301 21st Avenue South
Nashville, TN 37212

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Fax: 615-312-1898
E-mail: gary.zelizer@tnmed.org

From: Melanie Hill [mailto:Melanie.Hill@tn.gov]
Sent: Wednesday, June 13, 2012 1:12 PM
To: Gary Zelizer
Cc: Yarnell Beatty; Julie Griffin; Jim Christoffersen
Subject: RE: Interventional Pain Management

Gary,

Thank you for your letter and for your visit sharing TMA's concerns regarding certificates of need issued for surgery centers performing pain management procedures.

Before I forward this to Agency members, I would like to get clarification on some of the terminology in your letter.

1)"Mid-levels" - Does this include anything other than a nurse practitioner or physician assistant?

2)"Allied health professionals"- Is there a standard definition for this?

The Agency has approved certificates of need (CON) for surgery centers that included pain management procedures. As I recall in most of those applications, board certified anesthesiologists, orthopedists or interventional radiologists would performing the injections. However, within the last year or so, CONs have been issued for procedures such as manipulation under anesthesia performed by chiropractors.

When I get your response I will forward all of the information you have submitted including a copy of the Interventional Pain Management Act.

Thank you.

Melanie

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From: Gary Zelizer [Gary.Zelizer@tnmed.org]
Sent: Wednesday, June 13, 2012 9:37 AM
To: Melanie Hill
Cc: Yarnell Beatty; Julie Griffin; Jim Christoffersen
Subject: FW: Interventional Pain Management

Melanie: thanks so much to you and staff for meeting with us two weeks ago. I had promised to send you data that we had used in support of passage of the Interventional Pain Management legislation. Attached is compelling data from CMS which reflects that, in the three years from 2008-2010, mid-levels billed Medicare for 58% of all the facet injections billed by mid-levels nationwide; the corresponding figure for Tennessee physicians was 2.8%, much closer to the percentage (2.5%) of national Medicare enrollees living in Tennessee.

We also mentioned the proposed savings that would accrue should TennCare place a limit of no more than six spinal injections per year per enrollee. The proposal would have realized a $12 million dollar savings, $4 million of that state dollars. We learned the day before the Senate floor vote on the legislation that nearly 3,000 TennCare enrollees had received 7 or more injections in 2010, the last year a full year's data was available to TennCare. Since most physicians trained in pain management believe the standard of care should be 3-4 injections per year (admittedly some do support as many as six annually), it is incomprehensible that so many TennCare enrollees had been so poorly served. Although some TennCare MCOs could not determine from the claims what type of providers served these 3000 TennCare enrollees, they were able to identify that only three nurse practitioners served approximately 900 of the total.

As we discussed, there are other allied health care providers in the state very much involved in pain management and utilize spinal injections as an integral part of their treatment of pain management. Should you receive an application for a limited CON, we hope the information included in this email would be helpful to the HSDA board members. If necessary, we could certainly appear before the board to discuss our concerns in greater detail

Gary M. Zelizer

TMA™ Tennessee Medical Association

Physicians Caring for Tennesseans

Certain Procedures Performed by Physicians and Mid-levels to Treat Chronic Back Pain

As a legislator, you have to ask yourself: Is access truly going to be an issue if the Interventional Pain Management bill is passed? Could there possibly be overutilization in Tennessee that does not exist in other states?

The data certainly demonstrates that mid-levels in Tennessee are billing Medicare at rates far higher than their peers in the rest of the country. **For facet injections, in the years 2008-2010, Tennessee mid-levels billed from 50.6% to 65.4% of ALL injections billed by mid-levels to Medicare nationwide.** Conversely, physicians in Tennessee only billed 2.8%-2.9% of all claims filed to Medicare by physicians nationwide.

For SI joint injections, **in the years 2008-2010, Tennessee mid-levels billed from 34.3% to 40.8% of ALL injections billed by mid-levels to Medicare nationwide.** Conversely, physicians in Tennessee only billed 3.3%-3.6% of all claims filed to Medicare by physicians nationwide.

Data from the annual CMS Physician/Supplier Procedure Summary (PSPS) File

Two other possible procedures- ESI lumbar interlaminar or caudal CPT Code 62311, and lumbar transforaminal CPT Code 64483- were analyzed. There were a negligible number of these procedures billed by mid-levels in TN.

Note: Per the *Health Insurance Coverage by State and Congressional District, 2010* report released by the Congressional Research Service in October, 2011, Tennessee Medicare recipients comprise 2.47% of all Medicare enrollees nationwide

Facet Injections- CPT Codes 64470, 64472, 64475, 64476

2008 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	8,075	58.1%
Mid-levels- US	13,888	
MDs/DOs- TN	38,877	2.9%
MDs/DOs- US	1,322,873	

2009 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	7,805	50.6%
Mid-levels- US	15,404	
MDs/DOs- TN	39,402	2.8%
MDs/DOs- US	1,392,415	

2010 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	11,584	65.4%
Mid-levels- US	17,710	
MDs/DOs- TN	37,051	2.9%
MDs/DOs- US	1,217,549	

Sacroiliac Joint Injections- CPT Code 27096

2008 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	1037	39.3%
Mid-levels- US	2638	
MDs/DOs- TN	7,428	3.3 %
MDs/DOs- US	226,179	

2009 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	986	34.3%
Mid-levels- US	2873	
MDs/DOs- TN	8,243	3.6 %
MDs/DOs- US	226,069	

2010 Medicare Claims Data+

Provider/Location	# Performed/Billed	% of national total
Mid-levels- TN	1432	40.8%
Mid-levels- US	3514	
MDs/DOs- TN	8,093	3.5 %
MDs/DOs- US	234,206	

Thank you.

Regarding your question, it is my understanding that the answer is "no." Rather, all interventional procedures will be performed by Dr. Morgan, the pain management specialist physician who has been recruited for the project.

Brant Phillips
615 742 7723 • 615 742 2842 F • 615 268 8049 C
bphillips@bassberry.com

From: Melanie Hill [mailto:Melanie.Hill@tn.gov]
Sent: Friday, September 28, 2012 3:13 PM
To: Phillips, Brant
Subject: RE: CN1207-036

Brant,

Thanks for the letter of support. We will distribute to Agency members.

TMA representatives met with Agency staff in June to discuss the Interventional Pain Management legislation passed earlier this year.

Will physicians assistants and/or advance practice nurses be performing pain management procedures?

Melanie

Melanie M. Hill, Executive Director
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From: Phillips, Brant [BPhillips@bassberry.com]
Sent: Friday, September 28, 2012 2:12 PM
To: Melanie Hill
Subject: CN1207-036

Please see the attached correspondence. Many thanks.

Brant Phillips
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BASS
BERRY • SIMS

LETTER OF INTENT

LETTER OF INTENT
TENNESSEE HEALTH SERVICES & DEVELOPMENT AGENCY

2012 JUL 10 AM 11: 20

The Publication of Intent is to be published in the Leaf Chronicle, which is a newspaper of general circulation in Montgomery County, Tennessee, on or before July 10th, 2012, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Surgical and Pain Treatment Center of Clarksville (a proposed ambulatory surgical treatment center), owned and managed by The Surgical and Pain Treatment Center of Clarksville, LLC, (a limited liability company), intends to file an application for a Certificate of Need to establish a single-specialty ambulatory surgical treatment center in a medical office building at 2269 Wilma Rudolph Boulevard, Suite #102, Clarksville, TN 37040, at a cost estimated for CON purposes at $1,100,000 (of which $350,000 is the actual capital cost, the balance being the value of leased space and existing equipment).

The facility will be licensed by the Board for Licensing Healthcare Facilities, as an ambulatory surgical treatment facility limited to pain management, with one (1) operating room. The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before July 13, 2012. The contact person for the project is Kimberly Chipman, Authorized Agent, who may be reached at Clarksville Pain Consultants, 2269 Wilma Rudolph Blvd., Suite #107, Clarksville, TN 37040, (615) 727-3038.

Kimberly Chipman, LPN, CPhT 7/10/2012 kimber.parotta@gmail.com

(Signature) (Date) (E-mail Address)

ORIGINAL APPLICATION

1. ***Name of Facility, Agency, or Institution***

The Surgical and Pain Treatment Center of Clarksville, LLC
Name

2269 Wilma Rudolph Blvd. Suite # 102
Street or Route

Montgomery
County

Clarksville
City

TN
State

37040
Zip Code

2. ***Contact Person Available for Responses to Questions***

Kim Chipman, RN, BSN, JD
Name

Clinical Administrator
Title

Superior Healthcare, PLLC dba Clarksville Pain Consultants
Company Name

kimber.parotta@gmail.com
Email address

2269 Wilma Rudolph Blvd. Suite # 107
Street or Route

Clarksville
City

TN
State

37040
Zip Code

Authorized Agent
Association with Owner

931-905-1720
Phone Number

931-905-1721
Fax Number

3. ***Owner of the Facility, Agency or Institution***

Superior Healthcare, PLLC
Name

931-905-1720
Phone Number

2269 Wilma Rudolph Blvd. Suite # 107
Street or Route

Montgomery
County

Clarksville
City

TN
State

37040
Zip Code

4. ***Type of Ownership of Control (Check One)***

A.	Sole Proprietorship	F.	Government (State of TN or Political Subdivision)
B.	Partnership	G.	
C.	Limited Partnership	H.	Joint Venture
D.	Corporation (For Profit)	I.	Limited Liability Company ✓
E.	Corporation (Not-for-Profit)		Other (Specify)_____

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. ***Name of Management/Operating Entity (If Applicable)***

N/A
Name

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution (Check One)***

A.	Ownership		D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify)	
C.	Lease of 5 Years	✓			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. ***Type of Institution (Check as appropriate--more than one response may apply)***

A.	Hospital (Specify)		I.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		J.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty	✓	K.	Recuperation Center	
D.	Home Health Agency		L.	Rehabilitation Facility	
E.	Hospice		M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment Facility		O.	Birthing Center	
H.	Mental Retardation Institutional Habilitation Facility (ICF/MR)		P.	Other Outpatient Facility (Specify)	
			Q.	Other (Specify)	

8. **Purpose of Review *(Check) as appropriate--more than one response may apply)***

A.	New Institution	✓	G.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*]	
B.	Replacement/Existing Facility				
C.	Modification/Existing Facility				
D.	Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify)		H.	Change of Location	
			I.	Other (Specify)	
E.	Discontinuance of OB Services				
F.	Acquisition of Equipment				

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	**CON*	*Staffed Beds*	*Beds Proposed*	*TOTAL Beds at Completion*
A.	Medical	N/A				
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical					
E.	ICU/CCU					
F.	Neonatal					
G.	Pediatric					
H.	Adult Psychiatric					
I.	Geriatric Psychiatric					
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation					
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL					

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** Will be obtained upon CON approval

Certification Type Single-specialty ASTC

11. **Medicaid Provider Number** Will be obtained upon CON approval

Certification Type Single-specialty ASTC

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** Yes

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants?** Yes **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

Superior Healthcare, PLLC d/b/a Clarksville Pain Consultants (hereinafter, "Clarksville Pain Consultants" or "CPC") is the applicant for the new facility, The Surgical and Pain Treatment Center of Clarksville, LLC (hereinafter, "The Surgical and Pain Treatment Center of Clarksville or SPTCC"). This is a new facility which will seek certification for both Medicare and Medicaid/TennCare. CPC currently participates in both programs and plans to continue at the new facility.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Available TennCare MCO's	Applicant's Relationship
AmeriGroup	Plans to contract
AmeriChoice/United Healthcare Community Plan/River Valley	Plans to contract
TennCare Select/Blue Cross and Blue Shield	Plans to contract

Clarksville Pain Consultants has 31% Medicaid volumes as a percentage of the entire patient population and has a current contract with AmeriChoice and TennCare Select. The surgical center plans to contract with AmeriChoice, AmeriGroup and TennCare Select. Other MCO's will also be considered with additional medical staff growth.

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

This application seeks to establish a single-specialty ambulatory surgical treatment center limited to the performance of interventional procedures to treat acute and chronic pain for various patient conditions.

The facility will have one (1) operating room that will be developed by adding 1,500 Square Feet of office space adjoining Clarksville Pain Consultant's current practice. An additional 900 SF of shell space must be leased due to the building configuration, which will be used for storage for the practice office.

The facility will be located approximately 3 miles off I-24, at exit #4 in Clarksville, Montgomery County Tennessee. It will be adjacent to Clarksville Pain Consultants, which is Dr. Kyle Longo and Dr. G. Thomas Morgan's multidisciplinary State Certified Pain Management Center (addendum A.4 – Ownership and Organizational Chart).

Clarksville Pain Consultants has offered medical and chiropractic services since 2009. With the growth and variety of CPC's patient population, and the growing need for access to health and wellness care in Montgomery County, the practice expanded to include dietary counseling, wellness counseling, and patient-specific exercise programs. In late 2011, the practice expanded to add higher level interventional pain management procedures, performed by Clarksville-area physicians, all of which were Board Certified in Pain Management and experienced in interventional pain management procedures.

G. Thomas Morgan, M.D., is certified by the American Board of Physical Medicine and Rehabilitation and also the American Board of Pain Medicine. He is an active member of the International Spine Intervention Society. Dr. Morgan has served as the team physician for several high schools, colleges, along with serving as a specialty physician for the US Olympic Team.

Additionally, Dr. Morgan was voted one of "The Best Doctors in America" by Woodward ad White's Peer Selection from 1996 to 2006 (addendum B.1 – Medical Director's Qualifications).

Dr. Morgan oversees patient care at Clarksville Pain Consultants. In addition to managing patient care, Dr. Morgan also performs interventional pain management procedures.

Dr. Longo does not perform any interventional pain management procedures; however, he does provide chiropractic treatment for CPC patients.

Protocols have been developed using best-practice standards and evidenced-based medicine for all patients receiving interventional pain management procedures. This will include monitoring of cardiac status; continuous blood pressure monitoring; and pulse oxygenation levels. Patients will receive complete physical assessments and histories to identify potential risks which will also include an "Anesthesia Assessment Score (ASA)" as recommended by medical standards. All patients will be monitored post-operatively by a Registered Nurse and will not be discharged from the facility until completely stable and released by the physician.

Ownership Structure

Clarksville Pain Consultants is the owner of the proposed ambulatory surgical center. The majority owner of Clarksville Pain Consultants is Kyle M. Longo, D.C. (95%), with G. Thomas Morgan, M,D. (5%), as the remaining owner and Medical Director. Neither Dr. Longo nor Dr. Morgan has any other interests in any other Tennessee healthcare facility.

Service Area

The Primary service area includes Montgomery County, (contributing approximately 73% of the facility's patients) and Stewart County, (contributing 13% of the facility's patients). The Secondary service area includes Christian County, KY (10%), and Houston, Dickson, Cheatham, and Davidson Counties in Tennessee (< 1% respectively).

Need

The current patient population continues to seek alternatives to spinal surgery. Patients are becoming more educated and demand the availability of less-invasive interventions. Often, the chronic pain patient may be a veteran returning from active duty who seeks alternatives to pain control medications. On the other extreme, many of the older patients in Montgomery County have multiple co-morbidities and risk factors that limit the ability to perform pain intervention procedures safely in the office environment. These patients are also seeking options to surgery and/or narcotics.

The proposed ASC will focus on physician-driven patient care pathways that integrate multiple modalities including chiropractic treatment, wellness counseling, exercise plans, patient education and various pain management interventions. Performing those pain management interventions in an ambulatory surgical facility would increase patient satisfaction and allow those procedures to be performed safely in high-risk patients who require more intensive monitoring, possible sedation, recovery and discharge teaching. Due to the limited number of facilities, patients presently experience scheduling delays, which may be up to a month for higher levels of pain management interventions.

Insurance has significantly limited reimbursement within the office setting. Having an ambulatory surgical center adjacent to the current pain management practice would assist physician efficiency, control costs, and allow continuation of the practice's significant services to uninsured and under-insured patients. CPC currently delivers pro-bono treatment of approximately $13,000.00/month for patients who are either un-insured or under-insured. Moving certain procedures from an office-setting to an OR setting will improve reimbursement and assist in off-setting these costs and allow CPC to continue these services.

It would also improve patient satisfaction related to location, transportation and scheduling constraints. Ease of accessibility – facility is located on a primary roadway and has public transportation (bus stop) directly in front of facility. The facility is also located at a major intersection and within miles of I-24

The facility will not significantly affect other surgical facilities in the Clarksville area. There are only two ambulatory surgical treatment centers (ASC's) performing pain management interventions in Montgomery County, and Clarksville Pain Consultant's project will be relocating interventional

procedures not from those facilities, but from their own office practice. None of the physicians performing procedures at CPC perform any procedures at any other facility in Clarksville. Dr. Morgan will not be performing any procedures at any other facility. Both existing ASC's are currently meeting the State Guidelines of 800 procedures per room despite the current patient volumes that are being performed at Clarksville Pain Consultants.

Existing Resources

Montgomery County has no ambulatory surgical center dedicated to pain management. There are two general ASC's at which pain management procedures are performed. The three remaining area ASC's are single-specialty facilities that perform gastroenteritis procedures or ophthalmologist procedures.

Gateway Medical Center is the only hospital in Montgomery County with outpatient ambulatory surgical procedure capabilities. There is no publicly available data to indicate the volume of pain management interventions occurring there. But regardless of the volume, this project is not taking such procedures out of the local hospital. This project's patient population will be derived exclusively from Clarksville Pain Consultants.

Project Cost, Funding, Financial Feasibility, and Staffing

The project cost is $1,100,000, of which $350,000 is the actual capital cost. The rest of the project cost represents leased space and the value of existing equipment being moved from the practice office to the proposed ASTC. The existing Ultrasound, Fluoroscopy equipment, and C-Arm currently in use in the practice will be purchased by the facility at fair market value. First Advantage Bank is funding the project -- the amortization schedule is attached (addendum B.I.-Project Cost 1). The facility is projected to have a positive operating margin.

Most facility staff will be subcontracted from the practice office staff, with only the hiring of an additional front-office clerk/scheduler, and 2 RN's – one for the procedure room/infection control practitioner and one for recovery room/staff education. A total of 6.6 FTE's will be allocated to the surgery center based on operating 3 days/week. For a total of 3,067 cases/5,430 procedures in the first year.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.)* INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

	New Construction	Renovation
SF of Construction	N/A	1,500 SF

Location

The facility will be expanding into shell space adjacent to Clarksville Pain Consultant's office, and its address will be 2269 Wilma Rudolph Blvd., Suite #102, Clarksville, TN 37040.

There is a public bus stop directly in front of the facility which services all of Montgomery County, and part of Hopkinsville, KY. The public bus stops every thirty minutes for all major access points in Clarksville. Additionally, the proposed location is served by the TennCare Transport Van.

Description

The facility will include an exam room/patient staging area, patient changing/toilet, Surgery Suite, two (2) Pre-Op Rooms, two (2) Recovery Rooms, a clean utility room, soiled utility room, secure storage room, waiting/reception area, nursing/staff work area and common areas with entrance to the facility from Wilma Rudolph Blvd. which is a major highway and intersects another major thoroughfare, 101st Airborne Blvd.

The facility will be utilized only for interventional pain management procedures. It will be open three (3) days a week from 8 AM to 5:30 PM. This will allow Dr. Morgan direct access to Clarksville Pain Consultants, which is the office practice where he evaluates and treats patients. The location allows much more efficiency than if Dr. Morgan had to travel to another facility to perform these pain interventions. If the CON is granted, the facility will be operational in first quarter of 2013.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF $5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF $2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

N/A

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

The estimated $350,000 construction cost for the project is approximately $175 PSF overall (for 1,500 SF renovated space and 2,400 SF of total leased space) with no new construction.

This is within the 3rd quartile for HSDA approved CON renovated construction between 2009 and 2011.

Table 2: Construction Costs, HSDA Approved CON Applications--2009-2011		
	Average Cost Group	**Average Cost Per SF**
New Construction	1st Quartile	$200.00
	Median	$252.74
	3rd Quartile	$371.75
Renovated Construction	1st Quartile	$40.09
	Median	$100.47
	3rd Quartile	$195.00
Total Construction	1st Quartile	$54.06
	Median	$134.57
	3rd Quartile	$252.74

Source: HSDA, CON approved applications for years 2009 through 2011

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.
N/A

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

N/A – No Inpatient Involvement

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. **ADULT PSYCHIATRIC SERVICES**
2. **ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
3. **BIRTHING CENTER**
4. **BURN UNITS**
5. **CARDIAC CATHETERIZATION SERVICES**
6. **CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
7. **EXTRACORPOREAL LITHOTRIPSY**
8. **HOME HEALTH SERVICES**
9. **HOSPICE SERVICES**
10. **RESIDENTIAL HOSPICE**
11. **ICF/MR SERVICES**
12. **LONG TERM CARE SERVICES**
13. **MAGNETIC RESONANCE IMAGING (MRI)**
14. **MENTAL HEALTH RESIDENTIAL TREATMENT**
15. **NEONATAL INTENSIVE CARE UNIT**
16. **NON-RESIDENTIAL METHADONE TREATMENT CENTERS**
17. **OPEN HEART SURGERY**
18. **POSITIVE EMISSION TOMOGRAPHY**
19. **RADIATION THERAPY/LINEAR ACCELERATOR**
20. **REHABILITATION SERVICES**
21. **SWING BEDS**

A National Epidemic: Acute and Chronic Pain Management

A 2011 report from the ***Institute of Medicine*** and ***Health and Human Services***, "Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research," has identified pain anagement as a national health issue. (See article attachment B.II. C.) Chronic pain affects at least 116 million Americans, which is more than the totals affected by heart disease, cancer and diabetes combined. Recent changes in Tennessee regulations, thanks to valuable efforts by the Tennessee Medical Association to curb erratic and unprofessional pain management practices that rely too heavily on narcotics, Tennessee

has adopted a new certification process for the establishment of "State Certified Pain Management Clinics." CPC and the proposed ASC qualify as state-certified pain management facilities.

Clarksville Pain Consultants will be the primary referral source for the proposed facility. Currently, the typical patient from Clarksville Pain Consultants is referred from Primary Care, Internists, Orthopedists, and other Physicians and Providers in the primary service area. Some patients are even referred from Neurosurgeons, as they may only be available in the primary service area one to two times a month. Most patients are seeking interventions other than more invasive spinal surgery.

Dr. Morgan and the staff at Clarksville Pain Consultants practice the most recent evidenced-based pain management interventions. The surgery center will allow those pain management interventions to be performed in the best environment – in a secure, surgical setting with optimal patient safety and quality standards in place. It will also assist patient satisfaction as it will be located directly adjacent to Clarksville Pain Consultants, in central Clarksville. The proposed facility will provide optimal standards of care. Combined with location, these will assist in the recruitment of additional Board Certified Pain Management Physicians. The facility as proposed will enhance the development of a "Pain Management Center of Excellence."

Area Need

There are currently only two general surgical ambulatory centers offering pain management interventions in the proposed primary service area. There are a total of 11 OR and Procedure Rooms between both facilities and in 2010, only 23% of their total volume was Pain Management Procedures. Additionally, since the facility will be receiving its patients from Clarksville Pain Consultants, none of the patient volumes at either facility will be affected by the proposed facility.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

N/A

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF $1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

N/A

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. **SIZE OF SITE (IN ACRES);**
2. **LOCATION OF STRUCTURE ON THE SITE;**
3. **LOCATION OF THE PROPOSED CONSTRUCTION; AND**
4. **NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDERS THE SITE.**

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachments B.III.A. -- Plot

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The facility is approximately 3 miles from exit 4 of I-24 in Clarksville, TN and located on Wilma Rudolph Blvd., which is one of the main arteries of Clarksville at the intersection of another major highway, 101st Airborne Blvd. This area is well known to local residents, as the only major Shopping Mall is located within 3 miles of the facility. There is a bus stop at the entrance to the parking lot of the facility, and there is also ample patient parking.

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV. – Floor Plan

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

1. **EXISTING SERVICE AREA (BY COUNTY);**
2. **PROPOSED SERVICE AREA (BY COUNTY);**
3. **A PARENT OR PRIMARY SERVICE PROVIDER;**
4. **EXISTING BRANCHES AND/OR SUB-UNITS; AND**
5. **PROPOSED BRANCHES AND/OR SUBUNITS.**

N/A

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: Ambulatory Surgical Treatment Center

1. The need for ambulatory surgical services shall be based upon the following assumptions:

The facility will supply interventional, pain management procedures with one operating room. It will be used three days per week for the first two years as the patient population will be drawn from the existing office practice and whose patients are direct referrals from local internists, orthopedists, neurosurgeons and other primary care providers who are seeking interventional pain management procedures as an alternative to risky and more invasive surgical procedures. These procedures are fluoroscopically-guided pain interventions/injections performed only by licensed physicians. At the projected estimates of 3,067 cases/5,430 procedures in 2013 (year one), this will more than meet the State guideline of 800 cases per room (nearly three times the required volume).

a. An operating room is available 250 days per year, 8 hours per day.

The facility initially will be staffed and fully-operational a minimum of three days per week. This can be expanded to four full days a week in the future, if demand requires it.

b. The average time per outpatient surgery case is 60 minutes.

For interventional pain management procedures in this project, the average case time is 15 minutes.

c. The average time for clean-up and preparation between outpatient surgery cases is 30 minutes.

For interventional pain management in this project, the average turnaround time between cases is 5 minutes. (This brings case time to 3 cases per hour when considering both the procedure time of 15 minutes and the turnaround time of 5 minutes).

d. The expected capacity of a dedicated, outpatient, general purpose operating room is 80% of full capacity. That equates to 800 cases per year of capacity.

The facility will exceed this guideline. Its projected utilization in Year One will be 3,067 cases and 5,430 procedures.

e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

All the operating rooms in the area have been counted and included as taken from the Joint Annual Report analysis.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services, and/or in which the majority of its service recipients reside.

The facility is located in Clarksville, in central Montgomery County which is easily accessible to the service area via I-24 and other major highways. The patient index from Clarksville Pain Consultants revealed the primary and secondary service area based on current patient demographic information. The practice currently draws 73% of the "surgical procedure" patients from Montgomery County, and 13% from Stewart County, both of which is part of the facility's Primary service area and contributes 86% of the combined patient population.

3. The majority of the population of a service area for ambulatory surgical services should reside within 30 minutes travel time of the facility.

The project complies. See Addendum C.3. – Need -- Maps. The majority of patients will live within thirty minutes of the facility. The facility is located in central Clarksville, which is located in central Montgomery County making most patients travel time within 30 minutes from their residence.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days X 4 surgeries/procedures X .80.

Facility complies. Response B.I.C. provided data supporting the Clinic's projection of 3,067 cases/5,430 procedures per year, in Year One and 3,220 cases/5,702 procedures per year, in Year Two.

5. A CON proposal to provide new ambulatory surgical services shall not be approved unless existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the HSDA may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs, or proposals for facilities where accessibility to surgical services are limited.

Facility complies. In 2010, the two general ambulatory surgical centers performed 9,377 total procedures. Pain procedures contributed 2,159 of those procedures. This was an increase of 23% over 2008 volumes of pain management interventions in the primary service area. The Physicians at Clarksville Pain Consultants do not perform procedures at either of these general ASC facilities. Additionally, since Clarksville Pain Consultants will be the primary referral source for the proposed facility, there will be no impact on either of these general ASC facilities.

The chart below (Table 3) exhibits the past three year's utilization for the two ambulatory surgical centers in the primary service area. Both are general ambulatory surgical centers that also perform pain management interventions; however, neither facility report pain management interventions as a primary patient type.

Table 3: ASTC Utilization in Primary Service Area

2008 Joint Annual Report of ASC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Procedures	Procedures per Room	Pain Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	2717	543	20	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	6374	1062	1062	17%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**9091**	**1605**	**1082**	**12%**

2009 Joint Annual Report of ASC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Procedures	Procedures per Room	Pain Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	4188	838	28	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	6632	1105	1459	22%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**10820**	**1943**	**1487**	**14%**

2010 Joint Annual Report of ASC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Procedures	Procedures per Room	Pain Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	2956	591	270	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	6421	1070	1889	29%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**9377**	**1661**	**2159**	**23%**

Tennessee Department of Health Joint Annual Reports of Ambulatory Surgical Treatment Centers: 2008 through 2010.

6. A CON proposal to provide new or expanded ambulatory surgical services must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

The project contains one single-specialty/pain management intervention procedure room.

7. A CON proposal to provide new or expanded ambulatory surgical services must project patient utilization for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The facility anticipates the following utilization in its first eight quarters based on current cases being performed or ordered:

Year One 2013		
Q1	766	1,357
Q2	767	1,357
Q3	767	1,358
Q4	767	1,358
	3,067 cases	5,430 procedures
Year Two 2014		
Q1	805	1,425
Q2	805	1,425
Q3	805	1,426
Q4	805	1,426
	3,220 cases	5,702 procedures

This annual projection is based on current patient population needing interventional pain management that will be provided at the facility. The assumptions project a modest increase in volumes (10% annually Year One and 5% annually Year Two). There is no projected volume increase based on marketing strategies, as the facility will continue to receive patients from provider based referrals. The facility plan includes recruitment of additional Board Certified Pain Management Physicians, but does not anticipate substantial volume increases during the search.

8. A CON proposal to provide new or expanded ambulatory surgical services must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

See Table 4 below. Projections are based on patient origin of Clarksville Pain Consultant's current patient register. Demographic reports were generated by extrapolating current patient zip code and county of residence.

Table 4: Projected Patient Origin

THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE, LLC

COUNTY`	PATIENTS	PERCENT OF TOTAL	CUMULATIVE PERCENT OF TOTAL
Primary Service Area	1495	100%	
Montgomery County	1098	73%	73%
Stewart County	202	13%	86%
Secondary Service Area			
Christian Co., KY	150	10%	96%
Houston County	12	1%	97%
Dickson County	12	1%	98%
Cheatham County	11	1%	99%
Davidson County	10	1%	100%
TOTAL PATIENTS	**1495**	**100%**	**100%**

Source: Clarksville Pain Consultants, from patient records 2011

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.
Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The addition an adjacent ambulatory surgical center will provide an option to current practices prescribing narcotic pain medications. This is a viable alternative to more invasive spinal surgery and often requires excessive time off from work and interferes with activities of daily living.

2. Access to Care

Every citizen should have reasonable access to health care.
Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Montgomery County currently has no ambulatory surgical center dedicated to pain management interventions. With the addition of this facility, the current referral base from primary care physicians and other subspecialties will continue to meet the need to access to pain management interventions. Additionally, these patients are being managed by a Board Certified Pain Management Physician who is best qualified to assess and meet pain management needs.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. **The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.**

There is an acute need for acute and chronic pain management options in Montgomery County. With the median age being 30.8 years of age, that is a prime time for most adults who are struggling to raise a family and achieve economic stability. Options must be available to allow these patients to work. Additionally, the cost of healthcare continues to grow as reimbursement continues to decrease. Providers and facilities must find ways to optimize their time along with providing evidenced-based care that curtails costs yet improves outcomes.

Ambulatory Surgical Centers associated and/or adjacent to current practice settings have been successful in Davidson and Williamson Counties.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. **Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.**

The Medical Director and Medical Staff will be Board Certified in Pain Management and will utilize evidenced-based medicine and patient care pathways to assure the highest standard of care are delivered. The facility will be licensed by the State of Tennessee Department of Health and will comply with submitting clinical outcome data to the State Reporting Agency.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. **The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.**

The facility will recruit and hire medical professionals who are experienced at providing the higher level of care needed for pain management interventions. The staff will participate in on-going training and education related to the management of both acute and chronic pain patients along with training to recognize the patient who may be experiencing issues related to substance abuse and/or addiction. This will assist in the recruitment of additional pain management physicians.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

N/A

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

See Table 4 on page 19. Facility will receive referrals primarily from Clarksville Pain Consultants. Table 4 demonstrates that the primary service area is compiled of Montgomery County (contributing 73%) and Stewart County (contributing 13%). The Secondary service area includes Christian County, KY (10%), and Houston, Dickson, Cheatham, and Davidson Counties in Tennessee (< 1% respectively). This data was extrapolated from the medical records of Clarksville Pain Consultants.

A service area map is provided as Attachment C. 3., -- Need –which demonstrates the primary service area and roadway location. The facility's primary service area includes Montgomery and Stewart County. The primary interstate system for middle Tennessee is I-24 which runs directly through Montgomery County. Clarksville is serviced by multiple exits off of I-24 with exit #4 approximately 3 miles from the proposed facility.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL. Please see on following page, Table 5.

The data shows that the primary service area, Montgomery and Stewart Counties, has a younger patient population than the State of Tennessee (30.2 years of age for the primary service area and 37.8 years of age for Tennessee). Much of this is related to the location of Ft. Campbell Army Post, which is the current location of 47,620 officers and enlistees. Nearly half of the population of the primary service area is composed of young active duty personnel and their families. The projected growth rate from 2012 to 2016 is expected to reach 5.2%, which exceeds the expectation of total growth for Tennessee in the same time parameters (3.4% increase).

Although the current population over the age of 65 is lower than the State in general, the 65+ populations is projected to grow 14.1% from 2012 to 2016, which is 1.7% over the expected overall State increase (State of TN age 65+ population change 12.4%).

The primary service area nearly mirrors the State for persons considered to be below poverty level (primary service area 15.9% as compared to 16.5% for the State). In 2012, the primary service area percentage of TennCare Enrollees is expected to reach 15.2% compared to 19% for the State of Tennessee. The household median income for the primary service area is $44,572 compared to $43,314 for the State of Tennessee.

Additionally, accidents (all types including motor vehicle accidents) are the third leading cause of death and disability in the primary service area. In summary, the average demographics for the primary service area would be a younger patient; quite possibly a military member or part of their family. For the primary service area of the proposed facility, the typical patient is at the prime of his/her life, often unable to take time off from work for surgery. The average family in the primary service area is near the median income level; however, the loss of income due to chronic and/or acute pain conditions could significantly impair the ability to support themselves and their families.

The rate of growth for the population over the age of 65 also contributes to the facility need – as the older patient often has multiple medical problems requiring procedures to be performed in a more monitored and controlled facility. Clarksville Pain Consultants current patient population mirrors the above facts, as both the Medicare and Medicaid (TennCare) volumes currently are at 32% and 31% respectively. The proposed facility will likewise represent the same distribution of Medicare and Medicaid (TennCare) patient population.

Table 5: Demographics of Primary Service Area

Demographic Characteristics of Primary Service Area of The Surgical & Pain Treatment Center of Clarksville 2012 - 2016

Demographic	Montgomery County	Stewart County	PRIMARY SERVICE AREA	STATE OF TENNESSEE
Median Age-2010 US Census	30.2	NR	30.2	37.8
Total Population-2012	159,209	14,151	173,360	6,361,070
Total Population-2016	167,554	14,854	182,408	6,575,165
Total Population-% Change 2012 to 2016	5.2%	5.0%	5.2%	3.4%
Age 65+ Population-2012	14,481	2,118	16,599	878,496
% of Total Population	9.1%	15.0%	9.6%	13.8%
Age 65+ Population-2016	16,637	2,307	18,944	987,074
% of Population	9.9%	15.5%	10.4%	15.0%
Age 65+ Population- % Change 2012-2016	14.9%	8.9%	14.1%	12.4%
Median Household Income	$48,930	$40,214	$44,572	$43,314
TennCare Enrollees (11/2011)	23,758	2,540	26,298	1,211,113
Percent of 2012 Population Enrolled in TennCare	14.9%	17.9%	15.2%	19.0%
Persons Below Poverty Level (2012)	23,245	2,420	25,664	1,049,577
Persons Below Poverty Level As % of Population (US Census)	14.6%	17.1%	15.9%	16.5%

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data.
NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

As displayed in Table 5, the primary service area has a considerable percentage of patients at or below the poverty level. Although the primary service area TennCare enrollees are slightly below the State average, the proposed facility will receive referrals from Clarksville Pain Consultants. It is anticipated that the facility will continue to experience double digit Medicare and TennCare volume. With the addition of new Physicians, the facility plans to contract with MCO's for TennCare.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

N/A

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

SEE TABLE 6 BELOW-- Historic and projected utilization data taken from Clarksville Pain Consultants. Projected growth rates built with growth assumptions of 10% Year One and 5% Year Two and Year Three for the proposed facility. This is comparative methodology utilized by past ASTC projects in the middle Tennessee region.

Historic Utilization: During the past two years, 2010 and 2011, the surgical procedures performed at Clarksville Pain Consultants increased at the following rates: the growth rate between 2010 -- 2011 was 44%. As this was the first full year of practice, large patient volumes can be anticipated along with incremental increases with the addition of physicians and other providers. The rate of growth between 2011 -- 2012 at current projections will reach 13%. The proposed ASC is a new facility and therefore, has no historic volume. However, CPC will be referring patients to the ASC for interventional pain procedures.

Projected Utilization: With evaluation of the past growth, along with comparison of the utilization of area ASC's, it is anticipated that the most rapid growth will be seen during Year One – 2013 at 10%. Years Two and Three (2014 and 2015) are expected to stabilize at 5% growth rates.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

• ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.

• THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.

• THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.

• FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

PROJECT COSTS CHART--THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE

2012 JUL 13 PM 2 07

A.	Construction and equipment acquired by purchase:			
	1. Architectural and Engineering Fees	5% of A5	$	13,125
	2. Legal, Administrative, Consultant Fees (Excl CON Filing)			45,000
	3. Acquisition of Site			0
	4. Preparation of Site			0
	5. Construction Cost	1500 SF @ $175 PSF		262,500
	6. Contingency Fund	5% of A5		13,125
	7. Fixed Equipment (Not included in Construction Contract)			0
	8. Moveable Equipment (List all equipment over $50,000)			5,000
	9. Other (Specify)	** See Attached Cost Description		3,900
B.	Acquisition by gift, donation, or lease:			
	1. Facility (inclusive of building and land)	lease method		562,500
	2. Building only			0
	3. Land only			0
	4. Equipment (Specify)	**See Attached Cost Description		100,500
	5. Other (Specify)			0
C.	Financing Costs and Fees:			
	1. Interim Financing*			4,283
	2. Underwriting Costs			
	3. Reserve for One Year's Debt Service			
	4. Other (Specify)			
D.	Estimated Project Cost (A+B+C)			1,009,933
E.	CON Filing Fee	(minimum amount)		3,000
			TOTAL	
F.	Total Estimated Project Cost (D+E)		$	1,012,933

*$342,650 X .5 X .5yr X 5%

Actual Capital Cost	349,933
Section B FMV	663,000

PROJECT COSTS – ADDITIONAL EXPLANATION OF LINE ITEMS

A. 8. Fluoroscopic Table	
A. 9. Office Furnishings	$1,000
A. 9. Telecommunications Equipment	$2,900
A. 9. Other Total	**$3,900**
B. 4. Stretchers and Tables **	$1,300
B. 4. C-Arm **	$75,000
B. 4. Ultrasound **	$20,000
B. 4. Computers IT Equipment	$1,200
B. 4. Copier, Scanner, Fax	$3,000
B. 4. Other Equipment Totals	$100,500
***** Items being purchased from Clarksville Pain Consultants, PLLC at Fair Market Value**	

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

The owner's letter supporting the fair market value of the building and land is provided in Attachment C. II. F, Economic Feasibility

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

__X__A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

_____B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

_____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

_____D. Grants--Notification of Intent form for grant application or notice of grant award;

__X__E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

_____F. Other--Identify and document funding from all sources.

The project will be funded/financed by First Advantage Bank, Clarksville, TN.

Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The estimated $350,000 construction cost for the project is approximately $175 PSF overall (for 1,500 SF renovated space and 2,400 SF of total leased space) with no new construction.

This is within the 3rd quartile for HSDA approved CON renovated construction between 2009 and 2011.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable. Clarksville Pain Consultants began operations in 2009 with marginal data available. The first full year of operations, 2010 and 2011, which reflect physician practice charges and accounts receivable. Therefore, historical data is not applicable. Projected data chart is attached below.

TABLE 6: HISTORIC AND PROJECTED SURGICAL PROCEDURES: CLARKSVILLE PAIN CONSULTANTS TO THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE 2012 – 2014

			2012 CPC	2013 ASTC	2014 ASTC
Surgical Procedures/ Surgical Cases			4,936/ 2,788	5,430/ 3,067	5,702/ 3,220
% Change from Prior Year			NA	10%	5%

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

		Year 2013	Year 2014
A.	Utilization Data (Specify unit of measure)	5,430	5,702
B.	Revenue from Services to Patients		
1.	Inpatient Services	$ 0	$ 0
2.	Outpatient Services	$4,436,799	$4,658,230
3.	Emergency Services	0	0
4.	Other Operating Revenue (Specify)_____	0	0
	Gross Operating Revenue	**$ 4,436,799**	**$ 4,658,230**
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$ 2,972,708	$ 3,121,069
2.	Provision for Charity Care *	22,184	23,291
3.	Provisions for Bad Debt **	31,058	32,608
	Total Deductions	**$ 3,025,950**	**$ 3,176,968**
NET OPERATING REVENUE		**$ 1,410,849**	**$ 1,481,262**
D.	Operating Expenses		
1.	Salaries and Wages	$ 401,195	$ 417,242
2.	Physician's Salaries and Wages	0	0
3.	Supplies	282,170	296,252
4.	Taxes	8,465	17,775
5.	Depreciation	31,282	41,282
6.	Rent	30,000	32,473
7.	Interest, other than Capital	17,263	16,728
8.	Management Fees:		
	a. Fees to Affiliates	0	0
	b. Fees to Non-Affiliates	0	0
9.	Other Expenses – Specify on separate page 14	125,456	130,674
	Total Operating Expenses	**$ 895,831**	**$ 952,426**
E.	Other Revenue (Expenses) -- Net (Specify)_____	$ 0	$ 0
NET OPERATING INCOME (LOSS)		**$ 515,018**	**$ 528,836**
F.	Capital Expenditures		
1.	Retirement of Principal	$ 10,456	$ 10,991
2.	Interest	17,263	16,728
	Total Capital Expenditures	**$ 27,719**	**$ 27,719**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$ 487,299**	**$ 501,117**

Charity care and Bad debt includes chiropractic manipulations for uninsured and underinsured are "charged off."
Other Expense Notes: Includes cleaning and waste removal, linens, other purchased services, repairs and maintenance, marketing, travel, education, utilities, insurance and other miscellaneous operating expenses.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: Average Charges, Deductions, and Net Charges	**CY2013**	**CY2014**
Surgical Procedures/ Surgical Cases	5,430/ 3,067	5,702/ 3,220
Average Gross Charge Per Procedure/ Average Gross Charge Per Case	$453.94/ $817.10	$453.94/ $817.10
Average Deduction Per Procedure/ Average Deduction Per Case	$349.44/ $629	$349.44/ $629
Average Net Charge (Net Operating Revenue) Per Procedure/ Average Net Charge (Net Operating Revenue) Per Case	$104.50/ $188.10	$104.50/ $188.10

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The Surgical and Pain Treatment Center of Clarksville, LLC
CHARGE DATA FOR MOST FREQUENT PROCEDURES

SPECIALTY: Pain Management

			Proj. Gross Charge		Utilization (Procedures)		
CPT	Descriptor	Current Medicare Allowable	Year 1	Year 2	Practice Utilization 2011	Year 1	Year 2
64493	Lumbar/sacral facet	274.42	1,372	1,509	1,933	1,933	2,126
20610	Major Joint Inj (hip, knee, shoulder)	35.29	176	194	1,248	1,248	1,373
62311	Lumbar/sacral epidural injection	274.42	1,372	1,509	292	292	321
64490	Cervical/thoracic facet injection	274.42	1,372	1,509	546	546	601
64636	Lumbar/sacral neurolytic addl level RFA	274.42	1,372	1,509	636	636	700
62310	Cervical/thoracic epidural injection	274.42	1,372	1509	70	70	77
64418	Suprascapular nerve block	81.74	409	450	76	76	84
64633	Cervical/Thoracic neurolytic single level RFA	274.42	1,372	1,509	117	117	129
64450	Nerve block/other area	53.25	266	294	28	28	31

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charge for this project is comparable to the average gross charges for similar projects approved by the Agency. Following is a sample of such projects recently approved in the service area, or in comparable markets.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

Table Eight on the following page shows the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two average gross charges. There is no dedicated Pain Management Surgical Center in Montgomery County. Below is comparative charge data from four such facilities operating in Middle Tennessee, calculated from their 2010 Joint Annual Reports. ***UPDATED WITH 2011 CHARGE DATA FROM PREMIER, CROSSROADS, IPPS, AND PCET, DUE TO LACK OF PAIN MANAGEMENT SURGICAL FACILITIES IN MONTGOMERY COUNTY.***

Gross Charge Comparison						
Pain ASC	**County**	**Gross Charges**	**Procedures**	**Gross Charge Per Procedure (Year)**	**Cases**	**Gross Charge Per Case (Year)**
Premier Radiology Pain Management Center	Davidson	$3,680,792 (2011)	6,701	$549 (2011)	2,000	$1,840 (2011)
Crossroads Surgery Center	Williamson	$590,000 (2010)	500	$1,180 (2010)	220	$2,682 (2010)
Intervent'l Pain Physic. Surgery Cntr	Rutherford	$2,400,294 (2013)	1,944	$1,235 (2013)	1,144	$2,098 (2013)
PCET ASC	Knox	$12,472,600 (2013)	10,570	$1,180 (2013)	5,181	$2,407 (2013)
THIS PROJECT	Montgomery	$3,242,100 (2013)	7,852	$2,223 (2013)	4,362	$1,235 (2013)

Source: 2010 Joint Annual Reports for Davidson, Knox, Rutherford, and Williamson County facilities

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS. Over 97% of the procedures are being referred from Clarksville Pain Consultants, therefore, being transferred from a practice setting into the ASTC. There is already an established referral source that will be expected to continue and grow with the addition of more physicians and advanced level pain management interventions.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

Almost all of the proposed facilities volume will be transferred from the CPC practice setting. It is not anticipated that there will be much difference in payer mix or under-insured. Actually, there is more probability that the commercial patient population will increase with the addition of higher level procedures.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS,INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

In Year One, this project has the following projected revenues from Medicare and Medicaid patients:

	Medicare Program	TennCare Program
Gross Revenues	$2,319,144	$2,056,600
% of Total Gross Revenues	35.1%	31.1%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

The proposed facility is a more cost-effective alternative to building a free-standing Ambulatory Surgical Center. Renovation to the presently constructed shell will also be more patient-friendly, since the adjacent practice will be the primary referral source. From the Physician's perspective, this is a much more efficient option in having the ASTC adjacent to the practice. Travel time alone to any of the other ASC's would require 20-30 minutes each way. This set-up is also more conducive to patient safety and quality care, as the Facility Medical Director is always accessible to all patients. With the utilization of the same IT system for Medical Records, the ASTC will be able to gain pertinent patient history and other information, yet still comply with HIPAA and patient confidentiality.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Transfer agreements will be secured with Gateway Medical Center and any other acute care facility necessary to ensure patient care.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

There will be no negative affects as facility will only be treating patients from Clarksville Pain Consultants and current referral bases. Please see prior sections discussing access and competitive ASTC volumes.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following chart of projected FTE's and salary ranges.

THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE THREE YEAR PROJECTIONS STAFFING REQUIREMENTS				
Position Type (RN, etc.)	**Current FTE's**	**2013 Total**	**2014 Total**	**Salary Range (Hourly)**
Clinical Administrator, RN	1	1	1	$42-45
X-ray Technician	1	1	1	$19-23
CMA	1	1	1	$11-13.50
Procedure Nurse, RN	1	1	1	$25-29
Recovery Nurse, RN	1	1	1	$25-29
Business Office Clerk/Scheduler	0.8	1	1	$13-15
Biller/Coder	0.8	1	1	$15-17
Total FTE's	6.6	7	7	

Source: Clarksville Pain Consultants, current staff.

The Department of Labor and Workforce Development website indicates the following Upper Central Tennessee region's annual salary information for clinical employees of this project.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The Facility Administrator will be a Tennessee Licensed RN with experience in acute care and in managing all clinical service lines pertinent to the facility.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

The facility will participate with Medical Assistant training programs and allow internships from Miller-Motte and similar institutions.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:	Board for Licensure of Healthcare Facilities Tennessee Department of Health
CERTIFICATION:	Medicare Certification from CMS TennCare Certification from TDH
ACCREDITATION:	The Joint Commission for Accreditation of Ambulatory Care

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

N/A

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

N/A

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in RMR 68-31-1609(c): 2012 JUL 13 PM 2 08

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	10 days	10/2012
2. Construction documents approved by TDH	30 days	11/2012
3. Construction contract signed	30 days	11/2012
4. Building permit secured	30 days	11/2012
5. Site preparation completed	30 days	11/2012
6. Building construction commenced	30 days	11/2012
7. Construction 40% complete	45 days	12/15/2012
8. Construction 80% complete	60 days	12/31/2012
9. Construction 100% complete	90 days	1/15/2013

10. * Issuance of license	110 days	1/25/2013
11. *Initiation of service	120 days	2/1/2013
12. Final architectural certification of payment	120 days	2/1/2013
13. Final Project Report Form (HF0055)	135 days	2/16/2013

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Public Notices | Public Notices

0101569646

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

2012 JUL 13 PM 2 07

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Surgical and Pain Treatment Center of Clarksville (a proposed ambulatory surgical treatment center), owned and managed by The Surgical and Pain Treatment Center of Clarksville, LLC, (a limited liability company), intends to file an application for a Certificate of Need to establish a single-specialty ambulatory surgical treatment center in a medical office building at 2269 Wilma Rudolph Boulevard, Suite #102, Clarksville, TN 37040, at a cost estimated for CON purposes at $1,100,000 (of which $350,000 is the actual capital cost, the balance being the value of leased space and existing equipment).

The facility will be licensed by the Board for Licensing Healthcare Facilities, as an ambulatory surgical treatment facility limited to pain management, with one (1) operating room. The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before July 13, 2012. The contact person for the project is Kim Chipman, who may be reached at Clarksville Pain Consultants, 2269 Wilma Rudolph Blvd., Suite #107, Clarksville, TN 37040, 615-727-3038.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency

AFFIDAVIT

2012 JUL 13 PM 2 07

STATE OF Tennessee

COUNTY OF Montgomery

Kimberly Chipman, RN, BSN, JD being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Kimberly Chipman RN BSN JD
SIGNATURE/TITLE

Sworn to and subscribed before me this 13 day of JULY (Month) 2012 (Year) a Notary

Public in and for the County/State of Montgomery

C. NANCY CROTZER
STATE OF TENNESSEE NOTARY PUBLIC
MONTGOMERY COUNTY

C. Nancy Crotzer
NOTARY PUBLIC

My commission expires Oct. 14 (Month/Day) 2015 (Year)

INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart Articles of Organization: Superior Healthcare, PLLC and The Surgical and Pain Treatment Center of Clarksville, LLC
A.6	Site Control – Lease Agreement
B.I	Project Costs
B.I	Service – Medical Director's Qualifications
B.II.C	Institute of Medicine – "Relieving Pain in America"
B.III.	Plot Plan
B.IV.	Floor Plan
C. Need--1.A.3.	Letters of Intent
C. Need--3	Service Area Maps
C. Economic Feasibility--1	Documentation of Construction Cost Estimate
C. Economic Feasibility--2	Documentation of Availability of Funding
C. Economic Feasibility--10	Financial Statements
C. II.(F) Economic Feasibility	Appraisal of Fair Market Value of Property
Miscellaneous Information	
Support Letters	

A.4--Ownership
Legal Entity and Organization Chart

Superior Healthcare, PLLC, Organizational Chart

President

Kyle Longo, DC

Medical Director, Clarksville Pain Consultants
G. Thomas Morgan, MD

- Practice Manager, CPC
  Mary Shabunia
- **Front Office Staff**
- **Business Office Staff**
- **Clinical Practice Staff**

Medical Director, The Surgical and Pain Treatment Cntr
G. Thomas Morgan, MD

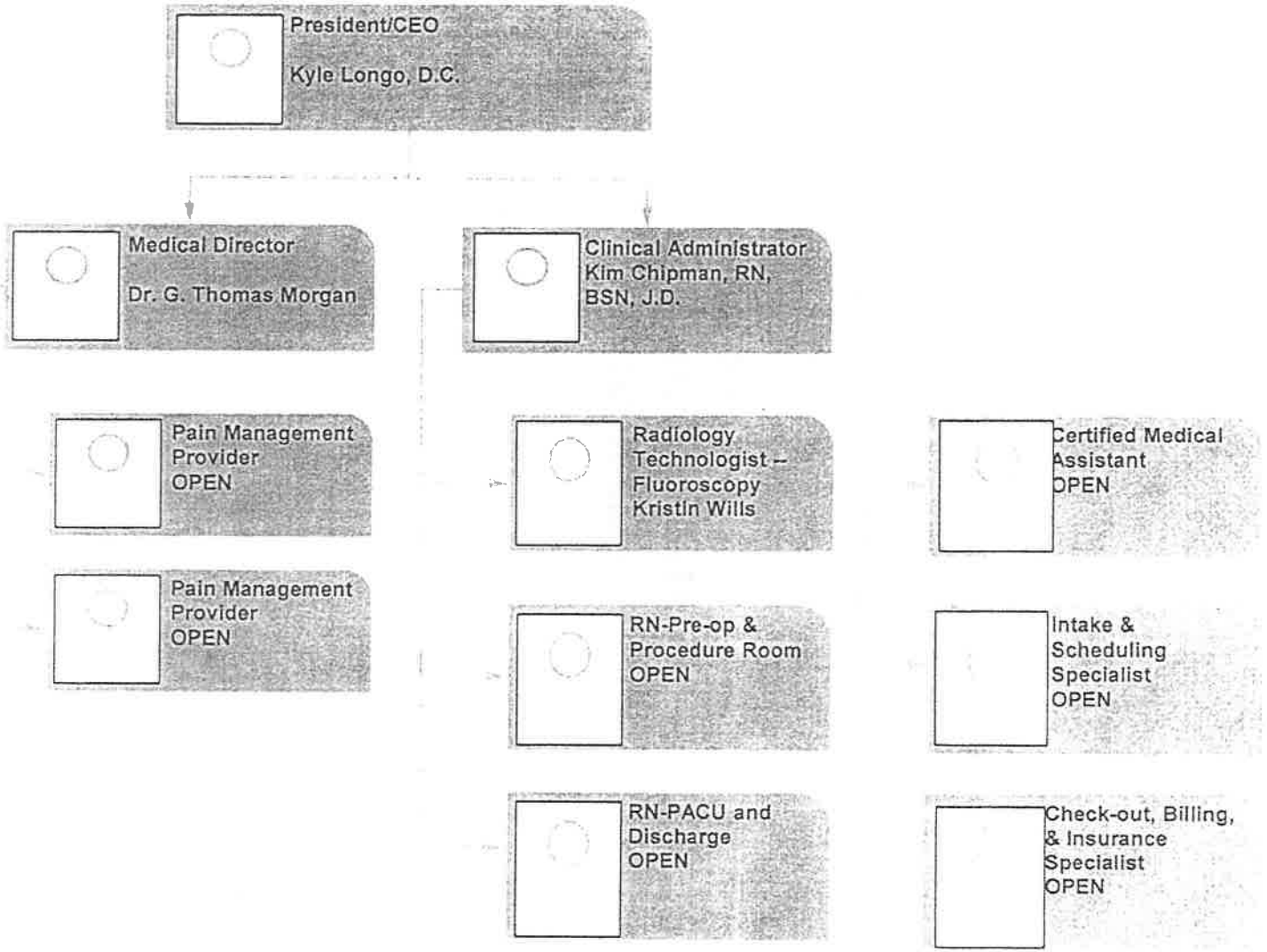
- **Pain Management Provider**
- **Pain Management Provider**
- **Pain Management Provider**

Clinical Administrator,

Kim Chipman, RN,BSN, JD

- **Intake and Scheduling Staff**
- **Billing and Medical Records Staff**
- **Clinical Practice Staff**

The Surgical and Pain Treatment Center of Clarksville Organizational Chart



B. I. – Service
Medical Director's
Qualifications

Curriculum Vitae

George Thomas Morgan, M.D.

Personal Information

Date of Birth:	December 2, 1955
Citizenship:	U.S.A.
Married:	Robin Lynne Morgan, M.D.
Home Address:	Covey Rise Plantation 532 Quailwood Road Holly Springs, Mississippi 38635
Phone:	662.564.1162
Cell:	662.216.9910
Email:	troutbum2@centurylink.net
Current Employment:	On Sabbatical (Please see Biography)

Licensure and Board Certification

State of Michigan	- July 1982
Stare of Virginia	- January 1986
State of Colorado	- January 1988
State of Tenn.	-January 2009 (Active)
State of Ms.	-December 2010 (Active)

Diplomate: National Board of Medical Examiners - July 1983

Board Certified: American Board of Physical Medicine and Rehabilitation - 1985

Board Certified: American Board of Pain Medicine - 1996

Fellow: American Academy of Physical Rehabilitation
Medicine and Rehabilitation - 1988

Fellow: International Spine Intervention Society - 1995

Certified: State of Colorado Division of Labor Level II Certification - 2004

Certified: ACLS - October 2005, 2007, 2009

Education

High School: Clawson High School, Clawson, Michigan

B.S: Michigan State University, Lansing, Michigan
Magna Cum Laude, Zoology & Physiology
June 1978

M.D. Wayne State University School of Medicine, Detroit, Michigan
June 1982

Postdoctoral Training

Residency: Physical Medicine and Rehabilitation
Sinai Hospital of Detroit, Joseph C. Honet, Chairman
1982 – 1985

Elective Residency Rotations, 1983:

- Sports Medicine/Orthopedics, United States Olympic Training Center, Colorado Springs, Colorado

Elective Residency Rotations, 1984:

- Sports Medicine, Michigan State University
- Exercise Physiology and Cardiac Rehabilitation, Sinai Hospital of Detroit, Dr. Barry Franklin, Director
- Wheelchair Olympic Games, Johnson City, Tennessee
- Pediatric Rehabilitation, D.T. Watson Hospital, Sewickley, Pennsylvania
- Spinal Cord Injury, Rehabilitation Institute of Detroit

Fellowship: Sports Medicine
Michigan State University
1985 – 1986

Fellowship: Interventional Spine
San Francisco Spine Institute, Rick Derby, M.D.
1992

Observership: Pain Management
Sloan-Kettering Hospital, New York, New York
Dr. Russell Portnoy
November 1996

Previous Employment

Assistant Professor: Department of Rehabilitation Medicine, Medical College of Virginia, 1986 – 1988

Team Physician: Virginia Commonwealth University, 1986 - 1988

Private Practice: Colorado Springs, Colorado 1989-2006

Medical Director: Penrose Hospital Spine Center, 1996 – 1999; 2002-2005

Sabbatical: 2006-2009 (See Biography)

Part Time Physician Employee: Semmes-Murphy Neurologic & Spine Institute Memphis, Tenn. 2009-2010.

Current: Ending Sabbatical and plan to return to clinical practice and/or Administrative Medicine

Special Awards and Honors

- Michigan State University Honors College, 1974 - 1978
- Outstanding Senior Award, Michigan State University 1978
- Ciba Company's Outstanding Medicine Student Award, Wayne State University School of Medicine, 1980
- Chief Resident, Department of Physical Medicine and Rehabilitation, Sinai Hospital of Detroit, 1985
- International Health Professionals of the Year. International Biographical Centre of Cambridge, England, 2005 and 2006
- America's Top Physicians. Consumers' Research Council of America, 2003 – 2006

- The Best Doctors in America. Woodward and White's Peer Selection, 1996 - 2006

Medical Societies/Memberships

- American Medical Association
- American Academy of Physical Medicine and Rehabilitation
- American College of Sports Medicine
- International Spine Intervention Society
- Colorado Medical Society
- El Paso County Medical Society
- Rocky Mountain Rehabilitation Physicians

Committees/Service/Organizations

- Board Member, Michigan Wheelchair Athletic Association 1982-1985
- National Disabled Athlete Certification Physician 1983-1985

- Director Outpatient Services, Department of Rehabilitation Medicine, Medical College of Virginia 1986-1987
- Assistant Residency Training Program Director, Department of Rehabilitation Medicine, Medical College of Virginia 1986-1987
- Co-Chairman Education Committee, Department of Rehabilitation Medicine, Medical College of Virginia 1986-1987
- Medical School Curriculum Committee, Medical College of Virginia 1986-87
- Medical School Admissions Interviewing Subcommittee, Medical College of Virginia 1986-1987
- Governor's Task Force on Indigent Health Care, State of Virginia 1987
- Consultant, Medical College of Virginia , Pain Clinic : 1986-1987

- El Paso County Medical Society, School Health Advisory Committee, 1989 – 1990
- Medical Commissioner, Colorado State Athletic Games, 1989 - 1991
- Chairman, El Paso County Medical Society, Public Information and Education Committee, 1991

- Team Physician, Colorado College, 1989 - 2001
- Team Physician, Liberty High School, 1989 – 2001

- U.S. Olympic Specialty Physician Staff , 1990-2001

- Founding Member, El Paso County Medical Society Foundation, 1992
- State of Colorado Task Force on Worker's Compensation, 1992
- State of Colorado Sports Medicine Committee, 1993-2004

- Colorado Springs Economic Development Council Fund Raising Committee, 1994
- Special Olympics of Colorado Volunteer, 1998 - 2004
- Task Force Member on Retractable Pain, Governor Appointee, State of Colorado: 1997
- President, El Paso County Medical Society Physician's Foundation, 1999 - 2001
- Course Instructor, International Spine Intervention Society (I.S.I.S), 2005 - Present

- Life Member, Bird Dog Foundation of America
- Life Member, Amateur Field Trail Clubs if America
- Life Member, Quail Unlimited
- Life Member, Trout Unlimited
- Life Member, American Quarter Horse Association
- Life Member, Pikes Peak Range Riders
- Life Member, Rocky Mountain Elk Foundation
- Life Member, Rocky Mountain Big Horn Society

Articles/Presentations/Publications

Congenital Hip Dislocation in Children with Spina Bifida: Assessment of Ambulatory Potential and Indication for Surgery. Presented at the 1985 American Academy of Physical Medicine and Rehabilitation Meetings, Boston, Massachusetts.

Saphenous Nerve Entrapment in Cyclist. An EMG Diagnosis. Presented at the 1986 American Academy of Physical Medicine and Rehabilitation Meetings, Baltimore, Maryland.

The Use of Magnetic Resonance Imaging in Sports Medicine: Implications for the Rehabilitation of Athletic Injuries. Presented at the 1986 American Academy of Physical Medicine and Rehabilitation Meetings, Baltimore, Maryland.

Early Entry of the Disabled into Athletics. Faculty at the 1987 U.S. Olympic Committee Conference on Sports Medicine and Science for Disabled Athletes, Bartlett, New Hampshire.

Common Injuries in Running Athletes. Program Director and Faculty Member, 1987 American Academy of Physical Medicine and Rehabilitation Meetings, Orlando Florida.

Side-Line Care of the Athlete. El Paso County Medical Society, August 1989.

Sports Medicine and Physiatry. Faculty, Resident's Round Table. Presented at the 1988 American Academy of Physical Medicine and Rehabilitation Meetings, Seattle Washington.

Peripheral Nerve Injuries in Athletes. Faculty, Michigan State Medical Society Annual Meetings, November 1988.

Athletic Injuries. Faculty, Colorado Academy of Physician Assistants Meetings, September 1989.

Business and Legal Aspects of Medical Practice. University of Colorado, Vail, Colorado Conference, September 1989.

Orthotic Applications of Sports. Faculty, 1989 American Academy of Physical Medicine and Rehabilitation Meetings, San Antonio, Texas.

Soft Tissue Injuries in Throwing Athletes. Faculty, 1989 American Academy of Physical Medicine and Rehabilitation Meetings, San Antonio, Texas.

Biomechanics & Treatment of Shoulder Injuries in Athletes. Faculty, Thunderbird Samaritan Hospital Annual Sports Medicine Meetings, Steamboat Springs, Colorado, January 1990.

Diagnosis, Management and Rehabilitation of Sports Injuries: Sports Medicine in the Soviet Union. Faculty, Soviet Minister of Sports, Moscow, Russia, March 1990.

Upper Extremity Sports Injuries. Faculty, Baylor University, Houston, Texas, May 1991.

Primary Care Sports Medicine. Publisher: Brown & Benchmark, 1993. **Contributing Author.**

Cervical Whiplash Injuries: State of the Art Review. Faculty, Colorado Defense Attorneys Annual Meeting, Vail, Colorado, August 1999.

Management of Chronic Pain. Faculty, Colorado Medical Society/Pinnacol Assurance, Breckenridge Conference, July 2000.

Diagnosis and Treatment of Upper Extremity Injuries. Faculty, Colorado Medical Society/Pinnacol Assurance, Breckenridge Conference, October 2003.

Peripheral Nerve Injuries in Sports Medicine. Faculty, Big Sky-Michigan State University, Annual Sports Medicine Conference, February 2005.

International Spine Intervention Society Faculty, Lumbar Cadaver course Chicago, Illinois 2005

International Spine Intervention Society Faculty, Lumbar Cadaver course Chicago, Illinois 2007

International Spine Intervention Society Faculty, Lumbar Cadaver course. Denver, Colorado. Jan. 2012

Procedures Performed

- EMG/NCV's (with oral sedation prn)
- Trigger Point Injections
- Botox Injections for Myofascial Pain
- Occipital Nerve Blocks

Interventional Spine Procedures Performed , Under Fluoroscopy with and without Conscious Sedation

- Cervical Intralaminar and Transforaminal, Selective Nerve Blocks/Epidurals
- Cervical Facet Medial Branch Blocks and Radio Frequency Rhizotomy
- Third Occipital Nerve Blocks and Radio Frequency Rhizotomy
- A-A (C1-C2) Blocks for Cervicogenic Headaches
- Thoracic Medial Branch Blocks for Facet Pain

- Thoracic Intra-Articular Facet Injections
- Thoracic Transforaminal Nerve Blocks/Epidurals
- Lumbar Intralaminar and Transforaminal, Selective Nerve Blocks/Epidurals
- Lumbar Intra-Articular Facet Injections
- Sacroiliac Joint Injections
- Lumbar Facet Medial Branch Blocks
- Lumbar Facet Radio Frequency Rhizotomy
- Lumbar Discography
- Stellate Ganglion Blocks
- Percutaneous Disc Decompression

GEORGE THOMAS MORGAN, M.D.

CONFIDENTIAL

532 QUAILWOOD RD. HOLLY SPRINGS, MS 38635 662-216-9910

1.	D.O.B.	12/02/1955
2.	Tennessee Med. License:	44343 ****
3.	Ms Med. License:	21310 ****
4.	Colorado Medical License:	28613
5.	Virginia Med. License:	39028
6.	Michigan Med. License:	4301046280
7.	D. E.A. :	AM3176319
8.	N.P.I. :	1114094935
9.	Medicare # :	3002668
10.	U.P.I.N. # :	B07379

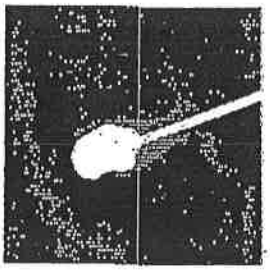
11. Medicaid # : 1511960

12. Malpractice Ins. SVMIC (Tenn) 1647274

***** Active

At this time I do not have any current practice or Hospital affiliations.
For Spinal procedures under fluoroscopy I will be using conscious sedation and local anesthesia.

G. Thomas Morgan M.D.
2.15.2012



SPINAL | DIAGNOSTICS | MEDICAL | GROUP | INC

Specializing in clinical assessment, injection and non-operative care

RICHARD DERBY, M.D.

2/6/2012

To Whom It May Concern:

Thomas Morgan, M.D. spent three months, from January 2, 1992 to March 31, 1992 training at Spinal Diagnostics and Treatment Center completing an Interventional Spine Fellowship. Our primary practice is focused on diagnostic and therapeutic spinal injections. Dr Morgan was very committed and in a short amount of time became adept at spinal injections. I feel strongly, that as a practitioner he is extremely talented and continues to excel. He merits the opportunity for extended licensure in any state.

Respectfully,

R Derby MD

Richard Derby, M.D.
Medical Director
Spinal Diagnostics and Treatment Center

RD/kmk

901 Campus Drive, Suite 312 • Daly City, CA 94015 • T 650.755.0733 • F 650.755.2207

B. II. C – Need
Article from
The Institute on Medicine

INSTITUTE OF MEDICINE
OF THE NATIONAL ACADEMIES

Report at a Glance

Report Brief

Released:6/29/2011
Download:

Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research

Chronic pain affects about 100 million American adults—more than the total affected by heart disease, cancer, and diabetes combined. Pain also costs the nation up to $635 billion each year in medical treatment and lost productivity.

The 2010 Patient Protection and Affordable Care Act required the Department of Health and Human Services (HHS) to enlist the Institute of Medicine (IOM) in examining pain as a public health problem. Acting through the National Institutes of Health (NIH), HHS asked the IOM to assess the state of the science regarding pain research, care, and education and to make recommendations to advance the field.

Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research presents the IOM study committee's findings and recommendations.

Fostering a Cultural Transformation

Pain represents a national challenge. A cultural transformation is necessary to better prevent, assess, treat, and understand pain of all types.

Government agencies, healthcare providers, healthcare professional associations, educators, and public and private funders of health care should take the lead in this transformation. Patient advocacy groups also should engage their diverse constituencies. This report provides a blueprint for achieving this transformation.

Pain as a Public Health Challenge

To reach the vast multitude of people with various types of pain, the nation must adopt a population- level prevention and management strategy. HHS should develop a comprehensive plan with specific goals, actions, and timeframes. The plan should:

- heighten awareness about pain and its health consequences;
- emphasize the prevention of pain;
- improve pain assessment and management in the delivery of healthcare and financing programs of the

federal government;
- use public health communication strategies to inform patients on how to manage their own pain; and
- address disparities in the experience of pain among subgroups of Americans.

Better data are needed to help shape efforts. Although pain is known to be prevalent across society, reliable data are lacking on the full scope of the problem, especially among those currently underdiagnosed and undertreated, including racial and ethnic minorities; people with lower levels of income and education; women, children, and older people; military veterans; surgery and cancer patients; and people at the end of life; among others. Therefore, the National Center for Health Statistics, Agency for Healthcare Research and Quality (AHRQ), other federal and state agencies, and private organizations should accelerate the collection of data on pain incidence, prevalence, and treatments. Data should be collected at regular intervals using standardized questions, protocols for surveys, and electronic medical records to identify the following information:

- subpopulations at risk;
- characteristics of acute and chronic pain;
- profound health consequences of pain, including death, disease, and disability; and
- related trends over time.

Care of People with Pain

People with pain receive care in various ways, including assistance with self-management, primary care, specialty care, and pain clinics, among others. Treatments can include medications, surgery, behavioral interventions, psychological counseling, rehabilitative and physical therapy, and complementary and alternative therapies. For many people, however, pain prevention, assessment, and treatment are inadequate.

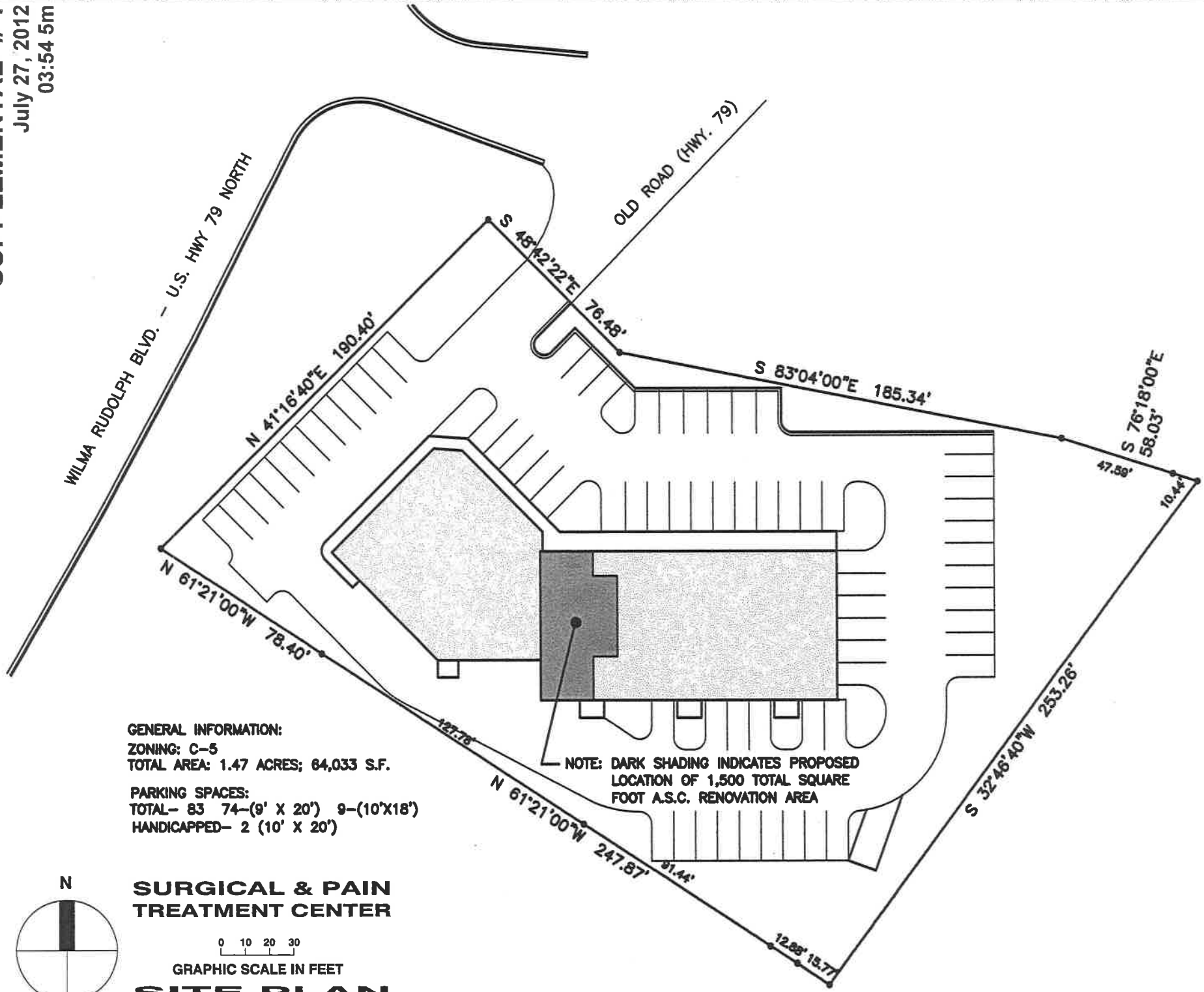
Among steps to improving care, healthcare providers should increasingly aim at tailoring pain care to each person's experience, and selfmanagement of pain should be promoted. Also, primary care physicians—who handle most frontline pain care—should collaborate with pain specialists in cases where pain persists. Public and private insurers can help by offering incentives to support the delivery by primary care providers of coordinated, evidence-based, interdisciplinary pain assessment and care for persons with complex pain.

A number of barriers—including regulatory, legal, institutional, financial, and geographical barriers—limit the availability of pain care and contribute to the disparities found among some groups. Government agencies, healthcare providers, and public and private funders of health care should adopt a comprehensive, strategic approach to reduce or eliminate these barriers.

Revised March 2012

Back to Report

B.III.--Plot Plan



GENERAL INFORMATION:
ZONING: C–5
TOTAL AREA: 1.47 ACRES; 64,033 S.F.

PARKING SPACES:
TOTAL– 83 74–(9' X 20') 9–(10'X18')
HANDICAPPED– 2 (10' X 20')

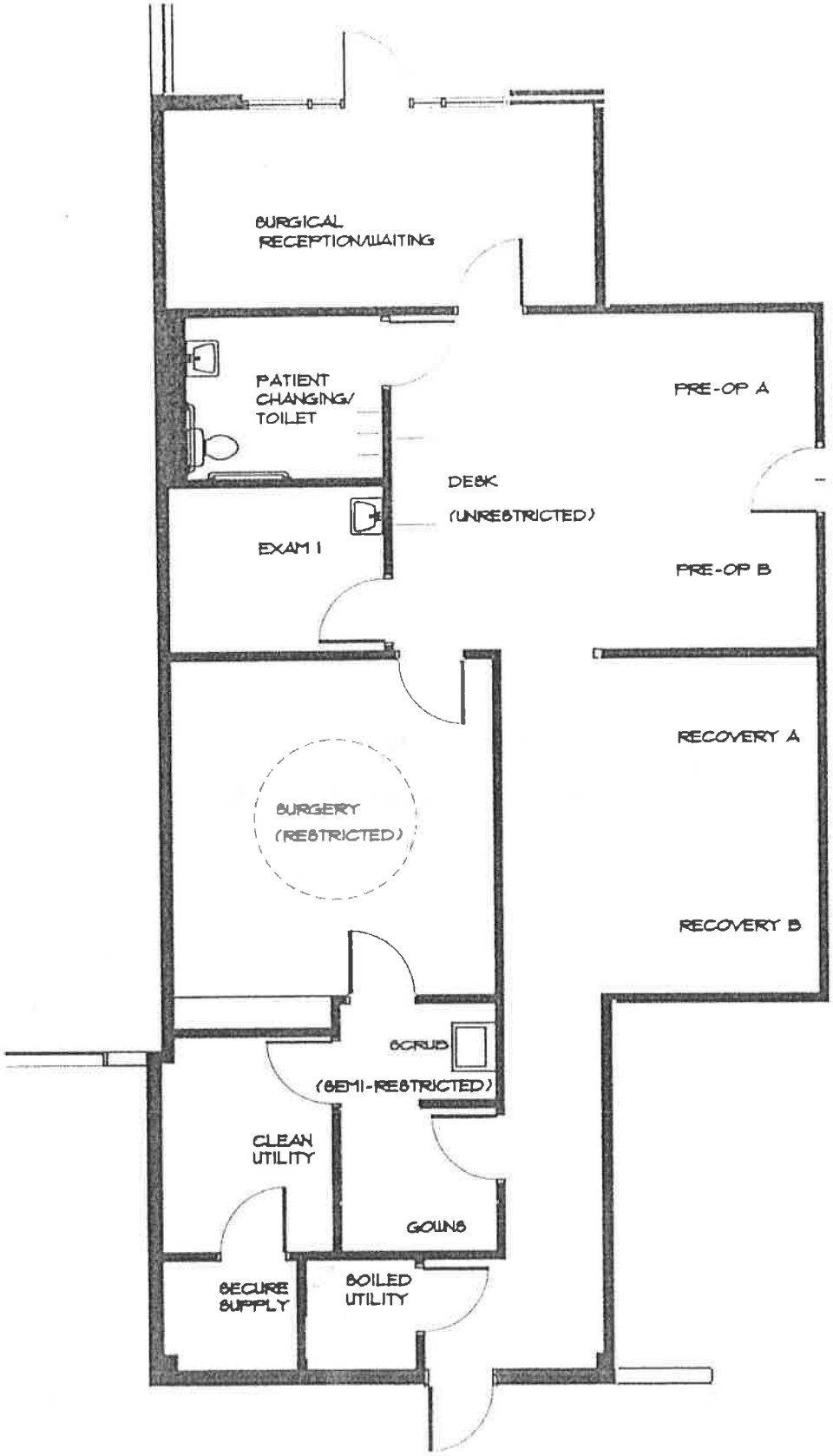
N

SURGICAL & PAIN TREATMENT CENTER

0 10 20 30
GRAPHIC SCALE IN FEET

SITE PLAN

B.IV.--Floor Plan



N

0 5 10

GRAPHIC SCALE IN FEET

SUITE RENOVATION

FLOOR PLAN

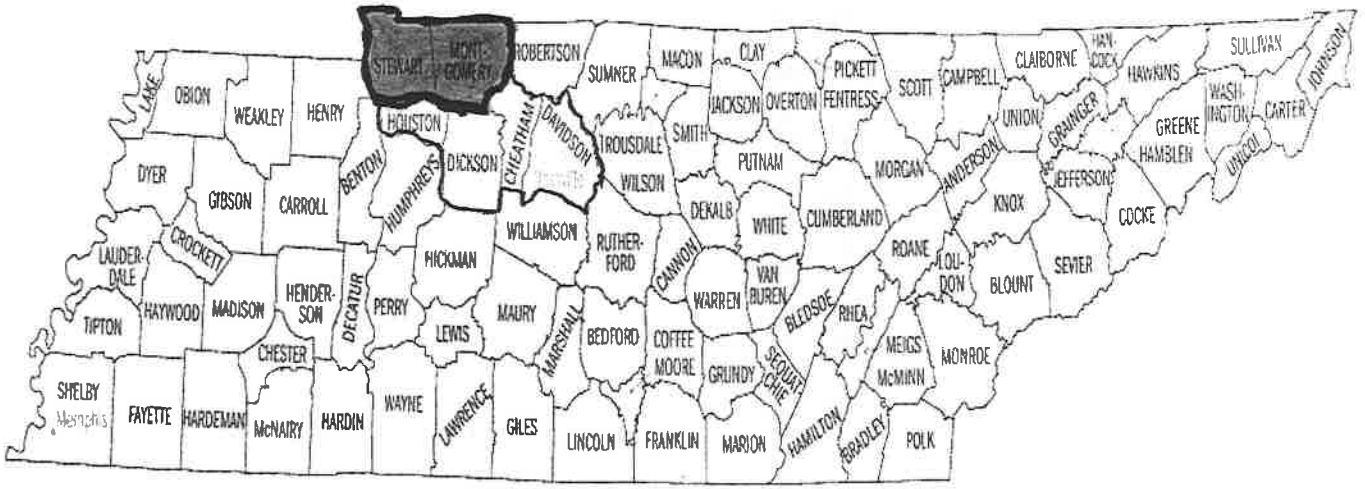
AREA • APPROX. 1,490 SQ. FT.

C. Need --3
Service Area Maps

STATE OF TENNESSEE
COUNTY MAP

THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE
PRIMARY PATIENT SERVICE AREA: MONTGOMERY AND STEWART COUNTIES

SECONDARY SERVICE AREA: CHRISTIAN COUNTY, KY, HOUSTON, DICKSON, CHEATHAM, AND DAVIDSON COUNTIES



Primary Service Area

Secondary Service Area

C. Economic Feasibility--1
Documentation of Construction Cost Estimate

03 May 2012

Dr. Kyle Longo
Surgical & Pain Treatment Center
2269 Wilma Rudolph Blvd.
Clarksville, TN

CONCEPTUAL PHASE STATEMENT OF PROBABLE CONSTRUCTION COST

In response to your request, I offer the following for your consideration. Our firm designed the building occupied in part by your existing office. We have designed several tenant space renovations there in the past few years. I believe the attached Floor Plan represents a feasible design for your planned Office Surgical Center. Because we have just started planning, a detailed cost breakdown is not possible. To the best of my knowledge and belief, I recommend that you establish a Construction Budget of One Hundred Seventy Five Dollars ($175) per Square Foot for this renovation. Multiplying that by 1,500 square feet = $262,500. This should be adequate for the Framing, Finishes, Plumbing, HVAC and Electrical Systems required. As we move forward with the design, we will refine the Budget to take advantage of any savings we may identify.

Below is a summary of the current applicable building codes, guidelines and laws to be addressed during the design process. The codes in effect at the time of submittal of the Documents shall be the edition to be used throughout design and construction.

- 2010 Guidelines for the Design and Construction of Health Care Facilities
- Rules of Tennessee Department of Health Board for Licensing Health Care Facilities
- International Building Code (IBC)
- National Electric Code (NEC)
- National Fire Protection Code (NFPA)
- Americans with Disabilities Act (ADA)

I trust this is sufficient for your current needs. Let me know if you have any questions about the Budget or the Design.

VIOLETTE ARCHITECTURE/INTERIOR DESIGN

Gary D. Violette, AIA, NCARB
gary@vioarc.com

COPY: 1201 prob const cost

JO VIOLETTE, INTERIOR DESIGNER GARY D. VIOLETTE, ARCHITECT DOUGLAS A. JONES, ARCHITECT
VIOLETTE ARCHITECTURE / INTERIOR DESIGN 103 MARION ST. P.O. BOX 100 CLARKSVILLE, TN 37041-0100
931-552-6878 FAX 931-552-5810 www.vioarc.com

C. Economic Feasibility--2
Documentation of Availability of Funding

FIRST ADVANTAGE BANK

May 4th, 2012

Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson State Office Building, Suite 850
500 Deaderick Street
Nashville, TN 37243

RE: The Surgical and Pain Treatment Center of Clarksville, LLC
Clarksville, Montgomery County

To Whom This May Concern:

This letter is to provide assurance that First Advantage Bank is familiar with Dr. Kyle Longo of The Surgical and Pain Treatment Center of Clarksville, LLC project, which is currently seeking Certificate of Need approval from your Agency.

Upon submittal and approval of a formal financing application, we would expect to be able to provide both construction and permanent financing for this project. We understand that the financing required would total approximately $350,000 of initial funding.

The loan package on this project would of course reflect market conditions at the time of loan approval. Currently we would expect to finance this type of project at an interest rate of approximately 5% for a term of 5 years with up to a 20 year amortization. Attached is an amortization scheduled reflecting payment on such a loan.

We look forward to helping with the financing of this project.

Sincerely,

John R. Rudolph, III
Vice President
Commercial Lending Department

Attachment

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	Payments per Year
350000.00	12
Annual Interest Rate	**Number of Regular Payments**
5.0000	240
Balloon Payment	**Payment Amount**
	2309.85

☑ Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See Bret's Blog for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	$350,000.00	**Annual Payments:**	12
Regular Payment amount:	$2,309.85	**Total Payments:**	240 (20.00 years)
Final Balloon Payment:	$0.00	**Annual interest rate:**	5.00%
Interest-only payment:	$1,458.33	**Periodic interest rate:**	0.4167%
***Total Repaid:**	$554,364.00	**Debt Service Constant:**	7.9195%
***Total Interest Paid:**	$204,364.00	***Total interest paid as a percentage of Principal:**	58.390%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent. See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	851.52	1,458.33	851.52	1,458.33	349,148.48
2	855.06	1,454.79	1,706.58	2,913.12	348,293.42
3	858.63	1,451.22	2,565.21	4,364.34	347,434.79
4	862.21	1,447.64	3,427.42	5,811.98	346,572.58
5	865.80	1,444.05	4,293.22	7,256.03	345,706.78
6	869.41	1,440.44	5,162.63	8,696.47	344,837.37
7	873.03	1,436.82	6,035.66	10,133.29	343,964.34
8	876.67	1,433.18	6,912.33	11,566.47	343,087.67
9	880.32	1,429.53	7,792.65	12,996.00	342,207.35
10	883.99	1,425.86	8,676.64	14,421.86	341,323.36
11	887.67	1,422.18	9,564.31	15,844.04	340,435.69
12	891.37	1,418.48	10,455.68	17,262.52	339,544.32
13	895.08	1,414.77	11,350.76	18,677.29	338,649.24
14	898.81	1,411.04	12,249.57	20,088.33	337,750.43
15	902.56	1,407.29	13,152.13	21,495.62	336,847.87
16	906.32	1,403.53	14,058.45	22,899.15	335,941.55
17	910.09	1,399.76	14,968.54	24,298.91	335,031.46
18	913.89	1,395.96	15,882.43	25,694.87	334,117.57
19	917.69	1,392.16	16,800.12	27,087.03	333,199.88
20	921.52	1,388.33	17,721.64	28,475.36	332,278.36
21	925.36	1,384.49	18,647.00	29,859.85	331,353.00
22	929.21	1,380.64	19,576.21	31,240.49	330,423.79
23	933.08	1,376.77	20,509.29	32,617.26	329,490.71
24	936.97	1,372.88	21,446.26	33,990.14	328,553.74
25	940.88	1,368.97	22,387.14	35,359.11	327,612.86
26	944.80	1,365.05	23,331.94	36,724.16	326,668.06
27	948.73	1,361.12	24,280.67	38,085.28	325,719.33
28	952.69	1,357.16	25,233.36	39,442.44	324,766.64
29	956.66	1,353.19	26,190.02	40,795.63	323,809.98
30	960.64	1,349.21	27,150.66	42,144.84	322,849.34
31	964.64	1,345.21	28,115.30	43,490.05	321,884.70
32	968.66	1,341.19	29,083.96	44,831.24	320,916.04
33	972.70	1,337.15	30,056.66	46,168.39	319,943.34
34	976.75	1,333.10	31,033.41	47,501.49	318,966.59
35	980.82	1,329.03	32,014.23	48,830.52	317,985.77
36	984.91	1,324.94	32,999.14	50,155.46	317,000.86
37	989.01	1,320.84	33,988.15	51,476.30	316,011.85
38	993.13	1,316.72	34,981.28	52,793.02	315,018.72
39	997.27	1,312.58	35,978.55	54,105.60	314,021.45
40	1,001.43	1,308.42	36,979.98	55,414.02	313,020.02
41	1,005.60	1,304.25	37,985.58	56,718.27	312,014.42
42	1,009.79	1,300.06	38,995.37	58,018.33	311,004.63
43	1,014.00	1,295.85	40,009.37	59,314.18	309,990.63
44	1,018.22	1,291.63	41,027.59	60,605.81	308,972.41
45	1,022.46	1,287.39	42,050.05	61,893.20	307,949.95
46	1,026.73	1,283.12	43,076.78	63,176.32	306,923.22
47	1,031.00	1,278.85	44,107.78	64,455.17	305,892.22
48	1,035.30	1,274.55	45,143.08	65,729.72	304,856.92
49	1,039.61	1,270.24	46,182.69	66,999.96	303,817.31
50	1,043.94	1,265.91	47,226.63	68,265.87	302,773.37
51	1,048.29	1,261.56	48,274.92	69,527.43	301,725.08
52	1,052.66	1,257.19	49,327.58	70,784.62	300,672.42
53	1,057.05	1,252.80	50,384.63	72,037.42	299,615.37
54	1,061.45	1,248.40	51,446.08	73,285.82	298,553.92
55	1,065.88	1,243.97	52,511.96	74,529.79	297,488.04
56	1,070.32	1,239.53	53,582.28	75,769.32	296,417.72

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
57	1,074.78	1,235.07	54,657.06	77,004.39	295,342.94
58	1,079.25	1,230.60	55,736.31	78,234.99	294,263.69
59	1,083.75	1,226.10	56,820.06	79,461.09	293,179.94
60	1,088.27	1,221.58	57,908.33	80,682.67	292,091.67

C. Economic Feasibility--10
Financial Statements

Superior Healthcare PLLC
Balance Sheet
As of April 30, 2012

ASSETS	
Current Assets	
Checking/Savings	
1000 First Federal	123,518.39
Total Checking/Savings	123,518.39
Other Current Assets	
1700 Franchise Fee	66,750.00
Total Other Current Assets	66,750.00
Total Current Assets	190,268.39
Fixed Assets	
1600 Bldg. Improvements/Other	
1600 Bldg. Improvements/Other - Other	136,812.57
1605 Accum Depr Bldg Imp/other	-10,476.57
Total 1600 Bldg. Improvements/Other	126,336.00
1610 Auto	
1610 Auto - Other	60,200.00
1615 Accumulated Depreciaton Auto	-26,760.00
Total 1610 Auto	33,440.00
Total Fixed Assets	159,776.00
TOTAL ASSETS	**350,044.39**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2500 Credit Cards	
2502 Chase Card	7,098.20
2500 Credit Cards - Other	611.35
Total 2500 Credit Cards	7,709.55
Total Credit Cards	7,709.55
Other Current Liabilities	
2550 Commercial Loan	182,550.48
Total Other Current Liabilities	182,550.48
Total Current Liabilities	190,260.03
Total Liabilities	190,260.03
Equity	
02 Retained Earnings	162,822.30
Total 3020 Shareholder Distributions	-8,421.94
Net Income	5,384.00
Total Equity	159,784.36
TOTAL LIABILITIES & EQUITY	**350,044.39**

Superior Healthcare PLLC
Profit & Loss
January through April 2012

	Jan - Apr 12
Ordinary Income/Expense	
Income	
4000 Patient Fees	719,835.43
9000 Cost of Goods Sold	
9010 Medical Supplies	-52,718.74
9030 Supplements & Nutrition	-77.59
9040 X-Ray Processing	-3,984.63
9050 Laboratory Fees	-1,951.52
9060 Orthopedic Supplies	-20,721.57
Total 9000 Cost of Goods Sold	-79,454.05
Total Income	640,381.38
Expense	
5000 Office Expense	
3030 Petty Cash	1,720.00
5000 Office Expense - Other	573.29
Total 5000 Office Expense	2,293.29
6000 Advertising Expense	
6010 Advertising	53,365.94
6590 Marketing	14,894.55
Total 6000 Advertising Expense	68,260.49
6050 Automobile Expense	
6070 Repairs & Maintenance	2,022.34
6080 Parking & Tolls	296.73
6090 Gas	2,563.57
Total 6050 Automobile Expense	4,882.64
6200 Cleaning Expense	
6210 Cleaning Supplies	87.43
Total 6200 Cleaning Expense	87.43
6250 Computer Expense	
6260 Computer Repairs	485.09
6270 Software Expense	3,591.86
6290 Internet Expense	340.00
Total 6250 Computer Expense	4,416.95
6310 Dues & Subscriptions	502.81
6350 Employee Benefits	
6370 Pensions	10,673.06
Total 6350 Employee Benefits	10,673.06
6400 Employer Benefits	
6410 Health Insurance	17,008.74
Total 6400 Employer Benefits	17,008.74
6440 Business Gifts	172.16
6450 Insurance	
6480 Malpractice Insurance	3,484.25
6490 Workman's Comp.	208.00
Total 6450 Insurance	3,692.25
6510 Legal & Professional	
6520 Accounting	2,400.00
6530 Consulting	12,616.37
6540 Legal	9,462.30
Total 6510 Legal & Professional	24,478.67
6550 Licenses & Permits	4,951.00
6600 Miscellaneous Expense	152.58
6650 Office Supplies	6,870.19
6700 Outside Services	
6702 Collaborative Health	81,838.96
6704 Architecture	4,000.00

Superior Healthcare PLLC
Profit & Loss
January through April 2012

	Jan - Apr 12
6706 S Nasserrudin	13,310.00
6730 Payroll Services	1,363.30
6740 Security	1,123.99
6780 Cleaning Labor	2,540.00
Total 6700 Outside Services	104,176.25
6800 Postage & Delivery	2,165.30
6840 Printing & Reproduction	213.26
6850 Professional Development	
6870 Seminar Expense	1,200.00
Total 6850 Professional Development	1,200.00
6900 Rent or Lease Expense	
6905 Equipment Lease	3,355.53
6920 Office Lease/Rent	24,200.00
6930 Additional Space	744.44
Total 6900 Rent or Lease Expense	28,299.97
6950 Repairs & Maintenance	
6945 Equipment Repairs	2,434.19
6960 Supplies	694.93
6970 Labor	4,000.00
6950 Repairs & Maintenance - Other	11,405.94
Total 6950 Repairs & Maintenance	18,535.06
7000 Payroll Expense	
7010 Salaries & Wages Expense	197,041.50
7015 Bonus	3,000.00
7020 Payroll Tax Expense	77,435.38
Total 7000 Payroll Expense	277,476.88
7100 Taxes	
7110 Federal 941	12.94
7120 Unemployment 940	1,920.47
7150 Property	2,172.00
7160 Other Taxes	7,193.65
Total 7100 Taxes	11,299.06
7170 Telephone Expense	
7180 Cell Phone	186.11
7170 Telephone Expense - Other	4,435.35
Total 7170 Telephone Expense	4,621.46
7200 Meals & Entertainment	
7210 Business Meals	5,255.85
7230 Business Entertainment	212.95
7200 Meals & Entertainment - Other	12.90
Total 7200 Meals & Entertainment	5,481.70
7240 Travel Expense	
7250 Airlines	1,338.75
7260 Hotel	1,264.22
7275 Travel Meals	937.37
7240 Travel Expense - Other	3,980.43
Total 7240 Travel Expense	7,520.77
7280 Uniforms	746.84
7300 Utilities	
7320 Electric	4,800.47
7375 Medical Waste Disposal	1,570.70
Total 7300 Utilities	6,371.17
9500 Service Charges	
9510 Bank Charges	99.50
9520 Credit Card Charge	377.44
9530 Finance Charges	533.91

Superior Healthcare PLLC
Profit & Loss
January through April 2012

	Jan - Apr 12
Total 9500 Service Charges	1,010.85
9570 Interest Expense	17,436.55
Total Expense	634,997.38
Net Ordinary Income	5,384.00
Net Income	5,384.00

C. II.(F) -- Economic Feasibility
Appraisal of Fair Market
Value of Property

DJ VENTURES

2012 JUL 13 PM 2 09

May 24, 2012

To whom it may concern:

This estimation of value for the property located at 2269 Wilma Rudolph Blvd, Clarksville, TN is being prepared by the owner, Joanna Barnes, DJ Ventures at the request of Dr. Kyle Longo, The Surgical and Pain Treatment Center of Clarksville, LLC a tenant of said property.

It is an approximation of current value based on the owners 28 years of experience and expertise in real estate, in particular real estate in Clarksville, TN. , not on a formal commercial appraisal..

Based on the value at the last formal appraisal performed in 2011 and adjusted for closed properties in the last year and the value based on 100% occupancy the approximate current market value of 2269 Wilma Rudolph Blvd, Clarksville, TN 37040 is $ 2, 800,000.00.

The property is 12,800 sq ft, all brick, steel infrastructure.

In further questions or information required in this matter can be directed to:

Joanna Barnes, Broker
Prudential Professionals Realty
(931) 320-0031
jbarnes652@gmail.com

3600 Sadlersville Rd
Adams, TN 37010
Phone: (931) 320-0031
E-mail: jbarnes652@gmail.com

JOE PITTS
STATE REPRESENTATIVE
HOUSE DISTRICT 67

34 LEGISLATIVE PLAZA
NASHVILLE, TN 37243-0167
PHONE: (615) 741-2043
FAX: (615) 253-0200

544 HAY MARKET ROAD
CLARKSVILLE, TN 37043
PHONE: (931) 551-8215

RENA CLARK – LEGISLATIVE ASSISTANT

EMAIL: rep.joe.pitts@capitol.tn.gov

June 28, 2012

House Chamber
State of Tennessee

NASHVILLE

VICE CHAIRMAN
HOUSE DEMOCRATIC CAUCUS

COMMITTEES

COMMERCE

EDUCATION

GENERAL SUB-COMMITTEE OF EDUCATION

GENERAL SUB-COMMITTEE OF COMMERCE

To Whom It May Concern:

I am pleased to offer my letter in support of the application for a certificate of need by Kyle Longo, D.C. and the Clarksville Pain Consultants clinic in Clarksville, Tennessee. I have known Dr. Longo, both personally and professionally for many years now and find him to be a very capable and talented medical provider and citizen. He is a man of integrity and character, and treats his patients with the utmost in care and concern for their physical and emotional well-being.

My wife has been under Dr. Longo's care for several years, treating a variety of physiological issues. At all times, Dr. Longo and his staff have been very attentive to her needs and prescribed treatments that were appropriate for her long term good health. They were also very helpful in setting up a regimen of treatment activities that she could do at home to prevent and address any lingering issues that might arise.

Dr. Longo is also an integral part of the Clarksville community. He regularly speaks to business, industry, civic organizations and other groups on the importance of wellness and health. He also provides uncompensated care to patients who cannot afford his services and/or their health insurance plans do not include his clinic.

This application for a CON for the establishment of an ambulatory surgery center will, I am sure, demonstrate that Dr. Longo will meet and exceed all requirements of state and federal law. He will, to be sure, hold himself and those under his supervision to the highest ethical standards established by their profession.

I trust you will give the application for a certificate of need by Dr. Kyle Longo and Clarksville Pain Consultants full and earnest consideration.

Sincerely,

Joe Pitts
State Representative

67th HOUSE DISTRICT
MONTGOMERY COUNTY

SUPPLEMENTAL

SUPPLEMENTAL- # 1
July 27, 2012
03:54 5m

2012 JUL 27 PM 3 54

July 25, 2012

Philip M. Wells, FACHE, Health Planner III
Health Services and Development Agency
Andrew Jackson State Office Building, Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application #CN1207-036
The Surgical and Pain Treatment Center of Clarksville

Dear Mr. Wells:

This letter provides responses to your July 19, 2012 request for additional information on this application. The items below are numbered to correspond to your questions. This response is provided in triplicate, with the required supplemental affidavit.

---

1. Section A, Applicant Profile, Item 3

The applicant facility's corporate charter is noted. Please provide a copy of documentation from the Tennessee Secretary of State that acknowledges and provides a certificate of corporate existence.

Tennessee Secretary of State Form SS-4270 – Proof and Certification of Corporate Existence Numbered and attached at end of document.

2. Section B, (Project Description) Item III (Plot Plan)

As required for all projects, a Plot Plan must provide **the size of the site (in acres) and the location of the proposed project within the structure.** Please provide a new Plot Plan with all the required information.

Corrections noted and attached at end of document.

SUPPLEMENTAL- # 1
July 27, 2012
03:54 5m

2012 JUL 27 PM 3 54

3. **Section C, Need Item 1(Specific Criteria –ASTC) Item 5**

The chart of the other ASTC who are performing pain management procedures is provided in "procedures." Please provide the information designating utilization in "cases" rather than "procedures".

Additional information verified and attached in Table 3 at end of document

4. **Section C, Need Item 3**

Please provide a map of the entire state of Tennessee designating the applicant's declared service area counties. **Please provide distinctive highlighting/ markings which permit the Agency members to readily differentiate the counties under discussion as opposed to other non- service area counties.**

Corrections noted and attached at end of document

5. **Section C, Need Items 3 and 6**

In justification of the applicant's proposed service area on page 19 of the application, the applicant reported from patient records in 2011, Clarksville Pain Consultants saw 1,495 "Total Patients" in 2011. On page 27 of the application, The Historical and Projected Surgical Procedures (Cases) for the Clarksville Pain Consultants to The Surgical and Pain Treatment Center of Clarksville indicates the CPC saw 1,495 patients in 2011, projected 2,788 surgical cases in 2012, 3,067 surgical cases in 2013 the projected first year, and 3,220 surgical cases during the second year of operation of the ASTC. Please provide the details regarding the methodology used to go from 1,495 patients in 2011 to a projected 2,788 surgical cases in 2012, a projected 3,067 surgical cases during the first year of operation and 3,220 surgical cases during the second year of operation. The methodology must include detailed calculations or documentation from referral sources. Providing only statements such as "based on the applicant's experience" will not be considered an adequate response.

SUPPLEMENTAL- # 1
July 27, 2012
03:54 5m

Please note the following:

In 2011, Clarksville Pain Consultants had 1,495 patients on their "patient list or active roster." This information was obtained by generating the mailing list of active patients. This same query identified the patient's mailing address allowing the identification of primary and secondary service areas.

Additionally, during 2011, Clarskville Pain Consultants began offering interventional pain management procedures in the office (facet blocks, median nerve branch blocks, etc.) With the addition of these services, CPC performed 3,479 cases and 6,443 procedures to those 1,495 patients. At that time, it was determined there was a definite need to offer advanced pain management procedures in a controlled, surgical environment, ensuring quality and safe medical practices. The patients being treated during 2011 were direct referrals from local physicians and often those patients came from specialists who were unable to provide pain management interventions in their practice, or were not satisfied with the services provided by other facilities.

In 2012, CPC continued to offer pain management interventions by Board Certified, Pain Management Interventionalists and began searching for a permanent Medical Director with the intent of developing a "Pain Management Center of Excellence." The volumes predicated for 2012 were projected based on actual case/procedures performed from January to June of 2012 and then annualizing this data to predict total volumes for the year.

In evaluating other single-specialty, pain management ASC's, a 5-10% growth rate was identified during their first full year of operations. In evaluating CPC's growth, a 13% increase was noted from 2011 to 2012, and that was demonstrated with the procedures/cases being performed in the office setting and with the interventionalists being available 2 to 3 days per week. The volume predicted for 2013 and 2014, utilized the assumption of a 10% volume increase for 2013 and 5% volume increase for 2014.

Additionally, CPC does not accept "self-referrals" and likewise, the proposed ASC will only accept referrals from CPC or other physicians.

2012 JUL 27 PM 3 54

6. **Section C, Need Item 5 (Utilization of Existing ASTC providers of Pain Management Services within the Service Area.**

Your response is noted. Please provide the information requested in the question. See question 3 above.

Please see response to Question #3 and Table 3 at end of document.

7. **Section C. Economic Feasibility 1 (Project Cost Chart)**

The following definition regarding major leased, loan of gifted capital expenditures cost in Tennessee Health Services and Development Agency Rule 0720-9-.01 (4)(c) states " In calculating the value of a lease, the "cost' is the fair market value of the lease is the fair market value of the lease or the amount of the lease payment, whichever is greater. Your sum of the lease payments over the term of the lease is noted. Your documentation of the Fair Market Value (FMV) of the building is noted. Please provide your calculation of the Fair Market Value (FMV) of the space being leased

Based on the values provided by appraisal in 2011, the current fair market value of the Entire property is $2,800,000.00 for 12,800 square feet. The proposed ASC is 1,500 square Feet. Utilizing that methodology, the proposed ASC occupies 11.7% of the entire property. Of the $2,800,000.00 with the ASC compiling 11.7%, the Fair Market Value of the ASC Is $327,600.00 (1,500 square feet of proposed ASC divided by 12,800 = 11.7%
11.7% multiplied by $2,800,000.00 of the total property value = $327,600.00)

Therefore, the Fair Market Value of the proposed ASC is $327,600.00

8. Section C. Economic Feasibility Item 4 (Historical Data Chart and Projected Data Chart)

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised information Historical and Projected Data Charts provided at the end of this requests for supplemental information. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

Please provide a corrected Projected Data Chart which shows the Revenue, Expense and Capital Expenditure Categories for the various financial category lines of the requested Projected Data Chart.

Please see question #5. Since the ASC will be a new entity, Historical Data would be predicated on volumes of cases/procedures being performed in the office of CPC. That is only a partial listing of the cases/procedures which will be performed at the proposed ASC. Therefore, completion of the "Historical Data Sheet" would, at best, only offer an "estimate of the volumes of cases/procedures.

Please see completed Projected Data Chart at the end of the document. Note that there are no third party entities. Likewise, there is not management group nor any associated fees or costs.

SUPPLEMENTAL- # 1
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9. Section C. Economic Feasibility Item 6A (Charges) & 6B (Charge Comparisons)

The applicant referred to the "following samples" of charges from recently approved projects, but no samples were provided. Please provide a comparison of charges between the applicant's proposed charges and charges of other recently approved ASTC's offering pain management services. The applicant may wish to access the Joint Annual Reports of these three ASTCs for gross revenue and utilization information or the applications of two applications recently approved by the HSDA: CN1201-001(Interventional Pain Physicians Surgery Center) and CN1202-009 (PCET Surgery Center).

Please see the charge comparison information supplied at the end of the document. Data is complied and includes Interventional Pain Physicians Surgery Center and PCET as more recent approved and similar projects.

Thank you for your assistance.

Sincerely,

Kim Chipman, RN, BSN, J.D.
Clinical Practice Administrator
Surgical and Pain Treatment Center of Clarksville

Table 3: ASTC Utilization in Primary Service Area
2008 Joint Annual Report of ASTC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Cases/ Procedures	Procedures per Room	Pain Cases/ Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	2483/ 2717	543	20/ 20	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	3610/ 6374	1062	904/ 1062	17%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**6093/ 9091**	**1605**	**924/ 1082**	**12%**

2009 Joint Annual Report of ASTC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Cases/ Procedures	Procedures per Room	Pain Cases/ Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	2556/ 4188	838	21/ 28	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	3981/ 6632	1105	1133/ 1459	22%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**6517/ 10820**	**1943**	**1154/ 1487**	**14%**

2010 Joint Annual Report of ASTC's

State ID	Facility	County	OR	Procedure Rooms	Total Rooms	Total Cases/ Procedures	Procedures per Room	Pain Cases? Procedures	Pain Procedures Percent
63649	Clarksville Surgery Center	Montgomery	3	2	5	2956/ 2956	591	270/ 270	1%
63623	Surgery Center Of Clarksville	Montgomery	4	2	6	3738/ 6421	1070	1138/ 1889	29%
	TOTAL SERVICE AREA		**7**	**4**	**11**	**6694/ 9377**	**1661**	**1408/ 2159**	**23%**

SUPPLEMENTAL- # 1
July 27, 2012
03:54 5m

AFFIDAVIT

2012 JUL 27 PM 3 53

STATE OF TENNESSEE

COUNTY OF MONTGOMERY

NAME OF FACILITY: THE SURGICAL AND PAIN TREATMENT CENTER OF CLARKSVILLE, LLC

I, KIMBERLY CHIPMAN, RN, BSN, JD, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of July, 2012, witness my hand at office in the County of Montgomery, State of Tennessee.

NOTARY PUBLIC

My commission expires June 15, 2016.

HF-0043

Revised 7/02

MEGHAN LYNDALL
STATE OF TENNESSEE NOTARY PUBLIC
MONTGOMERY COUNTY

STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY
500 Deaderick Street
Suite 850
Nashville, Tennessee 37243
741-2364

Date: **November 28 2012**

To: **HSDA Members**

From: **Melanie M. Hill, Executive Director**

Re: **Surgical & Pain Treatment Center of Clarksville, LLC**
CN1207-036

Summary—

The referenced application was heard at the October meeting and deferred for additional information related to financial statements, forecasts, and projections.

The applicant has submitted letters dated November 21, 2012 and December 2012, which are attached. A copy of the October transcript is also attached.

Here is an excerpt from the October 2012 Minutes:

The Surgical and Pain Treatment Center of Clarksville, LLC - (Clarksville, Montgomery County) - Project No. CN1207.036

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) in a medical office building. If approved, the facility will be licensed as an ASTC limited to pain management, with one (1) operating room. The project does not contain major medical equipment, initiate, or discontinue any other health service; and it will not affect any facility's licensed bed complements. Project Cost $1,012,933.00.

W. Brantley Phillips, Jr., Esq., representing the applicant, addressed the Agency. G. Thomas Morgan, M.D., Clarksville Pain Consultants, and Kyle Long, M.D., spoke on behalf of the project.

Damon Dozier, M.D., Pain Management of Middle Tennessee spoke in opposition of the project.

Mr. Phillips rebutted.

Dr. Dozier provided summation in opposition of the project.

Mr. Phillips provided summation for the applicant.

Mr. Doolittle moved for deferral of the project based on the discussion by some of the members to resubmit clarifying financial statements, forecasts and projections at the November meeting. Mr. Johnson amended by recommending the deferral to the December meeting. Mr. Doolittle accepted the amendment and included assuming that the applicant and their supporting financial advisors can reconstitute the numbers by that time. Mr. Mills seconded the motion. The motion CARRIED [10-0-0]. ***DEFERRED***

AYE: Jordan, Wright, Mills, Doolittle, Gaither, Weaver, Haik, Byrd, Southwick, Johnson

NAY: None

BASS
BERRY • SIMS PLC

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

W. Brantley Phillips, Jr.
PHONE: (615) 742-7723
FAX: (615) 742-2842
E-MAIL: bphillips@bassberry.com

November 21, 2012

2012 NOV 21 AM 10 36

VIA HAND DELIVERY

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Surgical & Pain Treatment Center of Clarksville LLC – CN1207-036

Dear Ms. Hill:

As you aware, the above-referenced application was heard at the HSDA's regular meeting on October 24, 2012. During the course of that hearing, certain questions about the financial information submitted with the application were raised. At the conclusion of the hearing on this application, the board opted to defer further consideration on this application until such time as the applicant could submit corrected financial information aimed at resolving those questions.

As we understand it, the questions at issue relate only to the financial information that is presented on Chart C-II-5, which is found on page 35 of the application as submitted. In re-examining Chart C-II-5, we have determined that it does contain a clerical error. We believe that all other data submitted with the application is accurate.

The following describes the mistake that appears on Chart C-II-5.

The original financial projections developed for this project assumed a wide array of CPT codes, including the CPT code for a certain procedure (i.e., trigger point injection) that need not be performed in a surgical setting. As the financial projections for this project were refined for submission to HSDA, the trigger point injection CPT code was removed from the projections for cases and procedures. Chart C-II-5, as submitted, reflects this downward adjustment. It does ***not***, however, reflect the corresponding downward adjustments to net charges, contractual adjustments and net revenue. Stated differently, we submitted a chart that includes projected case/procedure volumes that were accurate coupled with charge/adjustment/revenue projections that were inaccurate and not tied to those projected case/procedure volumes. We regret this clerical error and any confusion that it caused.

We have attached to this letter a corrected Chart C-II-5. As you will see, when the chart is corrected to include all of the accurate data, the economic viability of this project is readily apparent.

Having resolved any question about this project's economic viability, we wish to remind HSDA of its many other merits. As explained at the hearing on October 24th, only two ASTCs are presently in operation in the Clarksville-area. Neither of these existing ASTCs is exclusively dedicated to interventional pain management procedures, as will be the case for this project. Given the growing number of patients requiring this type of care (up 23% since 2008), there is a clear need for this facility. This project will also contribute to the orderly development of healthcare. Indeed, considering that it will be staffed by a former physician to the U.S. Olympic team who is board-certified specialist in pain management, the proposed facility will promote and maintain the highest standards of patient care using a comprehensive, multidisciplinary approach that minimizes reliance on narcotics. Likewise, because the overwhelming majority of patients will come from the project's adjoining clinical practice, it is not expected to have any adverse impact on other existing providers.

Thank you for your attention in this matter. We look forward to answering any additional questions you may have at the HSDA meeting set for December 12th. In the meanwhile, please do not hesitate to contact us if you require any additional information.

With kind regards, I remain,

Very truly yours,

W. Brantley Phillips, Jr.

WBP:
Enclosure

11357642.1

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: Average Charges, Deductions, and Net Charges	**CY2013**	**CY2014**
Surgical Procedures/ Surgical Cases	5430/ 3067	5702/ 3220
Average Gross Charge Per Procedure/ Average Gross Charge Per Case	$817.10/ $1446.62	$817.10/ $1446.62
Average Deduction Per Procedure/ Average Deduction Per Case	$557.28/ $986.62	$557.28/ $986.62
Average Net Charge (Net Operating Revenue) Per Procedure/ Average Net Charge (Net Operating Revenue) Per Case	$259.82/ $460.00	$259.82/ $460.00

CN1207-036, Surgical & Pain Treatment Center of Clarksville

Phillips, Brant [BPhillips@bassberry.com]
Sent: Monday, December 03, 2012 12:22 PM
To: Melanie Hill
Attachments: 20012.12.03 Ltr to HSDA re~1.PDF (2 MB)

Melanie:

Please find attached a letter that is being sent over to you today. The letter and other attached information addresses and resolves the two items noted in Mark Farber's email below. Please do not hesitate to let me know if you have any questions about the attached. Thank you for your assistance in this matter.

Brant Phillips
615 742 7723 • 615 742 2842 F • 615 268 8049 C
bphillips@bassberry.com

From: Melanie Hill [mailto:Melanie.Hill@tn.gov]
Sent: Tuesday, November 27, 2012 4:56 PM
To: Phillips, Brant
Subject: FW: Applicant Response: CN1207-036, Surgical & Pain Treatment Center of Clarksville

Melanie

Melanie M. Hill, Executive Director
Health Services & Development Agency
melanie.hill@tn.gov
615-741-2364-phone
615-741-9884-fax
www.tn.gov/hsda

From: Mark Farber
Sent: Tuesday, November 27, 2012 2:57 PM
To: Melanie Hill
Subject: Applicant Response: CN1207-036, Surgical & Pain Treatment Center of Clarksville

The major discrepancy in the financial information that concerned Agency members was the fact that when calculating average gross charge per procedure/case, average deductions per procedure/case; and average net charge per procedure/case directly from the Projected Data Chart, these results were very different from the information displayed in a table on stamped page 58. The information supplied by the applicant on November 21, 2012 explains how these discrepancies occurred and provides a replacement page with corrected per procedure/case information.

Mr. Southwick also brought up some other discrepancies in the application which were not addressed in the applicant's November 21 response:

- The Chart on stamped page 61 had information related to "THIS PROJECT" that was all discrepant from the data in the Projected Data Chart
- The information on stamped page 63 indicated that Medicare and TennCare will account for 66% of gross revenue yet the gross revenue amounts for Medicare and TennCare totaled $4,375,744, which was almost as much as the total for all gross revenue in the Projected Data Chart of $4,436,799.

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FAX: (615) 742-2842
E-MAIL: bphillips@bassberry.com

December 3, 2012

VIA E-MAIL & HAND DELIVERY

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Surgical & Pain Treatment Center of Clarksville LLC – CN1207-036

Dear Ms. Hill:

Further to your email dated November 27th, we understand that there are questions about the information presented on stamped pages 61 and 63 (original pages 37.5 and 39) of the above-referenced application. We have reviewed those pages and determined that, in fact, they do contain clerical errors that causes the information presented therein to be inconsistent with the other information presented in the application. We apologize for these errors and any confusion that they may have caused.

We have attached to this letter corrected pages 37.5 and 39. With these corrections, as well as the correction provided to you in our letter dated November 21st, we believe that all data presented in the application is now accurate and complete. Should there be any additional questions or concerns in that regard, please do not hesitate to let us know.

Thank you for you your attention in this matter. With kind regards, I remain,

Very truly yours,

W. Brantley Phillips, Jr.

WBP:
Enclosure

11398001.1

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The table at section C(II).6.A shows the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Year One and Year Two average gross charges. There is not dedicated Pain Management Surgery Center in Montgomery County. Below is comparative charge data for two such facilities operating in Middle Tennessee, as reported in the 2011 Joint Annual Reports for these facilities. Below also is comparative charge data presented in the application materials for Pain Management ASTCs that recently were approved for Knox and Rutherford counties.

Gross Charge Comparison						
Pain ASC	**County**	**Gross Charges**	**Procedures**	**Gross Charge Per Procedure (Year)**	**Cases**	**Gross Charge Per Case (Year)**
Premier Radiology Pain Management Center	Davidson	$3,680,792 (2011)	6,701	$549 (2011)	2,000	$1,840 (2011)
Crossroads Surgery Center	Williamson	$331,500 (2011)	720	$460 (2011)	275	$1,205 (2011)
Intervent'l Pain Phsic. Surgery Cntr	Rutherford	$2,400,294 (2013)	1,944	$1,235 (2013)	1,144	$2,098 (2013)
PCET ASC	Knox	$12,472,600 (2013)	10,570	$1,180 (2013)	5,181	$2,407 (2013)
THIS PROJECT	Montgomery	$4,436,799 (2013)	5,430	$817.10 (2013)	3,067	$1,446.62 (2013)

Source: 2011 Joint Annual Reports for Davidson and Williamson County facilities; application materials for CN1201-001 and CN1202-009.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS,INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

In Year One, this project has the following projected revenues from Medicare and Medicaid patients:

	Medicare Program	TennCare Program
Gross Revenues	$1,557,316	$1,379,844
% of Total Gross Revenues	35.1%	31.1%

MS. JORDAN: Yes.
MS. BOBBITT: Wright?
MR. WRIGHT: Yes.
MS. BOBBITT: Mills?
MR. MILLS: Yes.
MS. BOBBITT: Doolittle?
MR. DOOLITTLE: Yes.
MS. BOBBITT: Gaither?
MR. GAITHER: Yes.
MS. BOBBITT: Weaver?
MS. WEAVER: Yes.
MS. BOBBITT: Haik?
DR. HAIK: Yes.
MS. BOBBITT: Byrd?
MS. BYRD: Yes.
MS. BOBBITT: Southwick?
MR. SOUTHWICK: Yes.
MS. BOBBITT: Johnson?
MR. JOHNSON: Yes.
MS. BOBBITT: Ten "yes."
MR. JOHNSON: The motion passes and the Certificate is approved.
Mr. Farber.
MR. FARBER: Surgical Pain and Treatment Center of Clarksville, LLC,

Clarksville, Montgomery County, CN1207-036. This application is for the establishment of a single-speciality ambulatory surgical treatment center in a medical office building. If approved, the facility will be licensed as an ASTC, limited to pain management, with one operating room. The project does not contain major medical equipment, initiate or discontinue any other health service, and it will not affect any facility's licensed bed complements. Estimated project cost is $1,012,933.

Here on behalf of the applicant are Brant Phillips, Dr. Thomas Morgan, and Dr. Kyle Longo.

MR. JOHNSON: Is there any opposition? All right. Duly noted. You'll be given time.

Is there anyone who supports the application who is not a part of it?

You may begin.

MR. PHILLIPS: Thank you, Mr. Chairman. Good morning. My name is Brant Phillips. I'm here on behalf of the applicant, the Surgical and Pain Treatment

Center of Clarksville.

As Mr. Farber noted, with me today is Dr. Thomas Morgan. Dr. Morgan is a board-certified spine rehabilitation and condition specialist, trained at Michigan State and at Wayne State University in Detroit. He is a leader in this field, having served on the faculty of the Medical College of Virginia. He is board-certified in pain management, and he has been focused on this sophisticated subspecialty for more than 15 years. He is a fellow in the International Spine Intervention Society, and his work has appeared in several peer-reviewed journals.

Given his unique qualifications, he has had the opportunity to serve, for several years, as the team physician at the Virginia Commonwealth University and also at the U.S. Olympic Training Center in Colorado Springs. He was named one of the "Best Doctors in America" for ten years straight. He's also a distinguished public servant, having been appointed to health policy commissions in

Colorado and Virginia by Governors Romer and Wilder respectively.

With me today is, also, Dr. Kyle Longo. They are partners in this project and founders of the Pain Treatment Center of Clarksville. And, as Mr. Farber noted, this project seeks to establish a single-specialty ambulatory surgery center dedicated to interventional pain management procedures.

And, as an initial matter, I want to make clear what we are talking about when we say "pain management" today for purposes of this application. As you know, the term "pain management" can be a source of confusion, and it's often used to gloss over a wide variety of practices, including some questionable practices that are done at so-called "pill mills."

That is not what this project is about. Rather, under the leadership of Drs. Longo and Morgan, the ASTC being proposed here today is going to be staffed by highly qualified and respected physicians and will be dedicated to complex interventional

procedures near the spine that are needed to treat acute and chronic pain conditions experienced by a growing number of patients in Montgomery and Stewart Counties and in the surrounding areas.

And to illustrate some of what they will be doing in this practice, I'd like to show the board a quick, one-minute video that highlights one of the spinal procedures that Dr. Morgan performs.

(The following videotape was played):

"Caudal Steroid Injection:

"This injection procedure is performed to relieve low back and radiating leg pain. The steroid medication can reduce the swelling and inflammation caused by spinal conditions such as spinal stenosis, radiculopathy, sciatica, and herniated disc.

"In this procedure, the patient lies face down. A cushion is placed under the

stomach area for comfort and to arch the back. The physician uses a fluoroscope to find the small opening at the base of the sacrum called the 'sacral hiatus.' A local anesthetic numbs the skin and all the tissue down to the surface of the sacral hiatus.

"The physician then guides a needle through that anesthetized track and into the epidural space. The needle is carefully inserted about one to two centimeters. Once inside the sacral hiatus space, a contrast -- or nonallergenic iodine-based solution -- is injected. This solution helps the physician to see the diseased and painful areas using a fluoroscope. A steroid and anesthetics mix is injected into the epidural space, bathing the painful area in

medication. The needle is removed. The tiny surface wound is covered with a small bandage.

"In some cases, it may be necessary to repeat the procedure as many as three times for the patient to feel the full benefit of the medication; however, many patients feel significant relief from only one or two injections."

(End of videotape.)

MR. PHILLIPS: This new surgery center will complement Dr. Longo's and Dr. Morgan's existing clinical practice at Clarksville Pain Consultants, which, in January of this year, became a Tennessee-certified pain management clinic under the new, stricter guidelines that were put in place by the General Assembly.

This practice is doubly unique because of its use of a comprehensive multidisciplinary approach that integrates

multiple modalities, including chiropractic treatment, wellness counseling, dietary counseling, exercise plans, patient education, and various pain management interventions. This multidisciplinary approach is designed to help patients cope with the pain conditions from which they suffer, with a minimal use of narcotics.

The addition of the surgery center will give Clarksville its first completely integrated pain management center in which all the clinical, surgical, wellness, physical fitness, and mental health services needed for a responsible comprehensive approach to pain management are readily available at a single location.

And to speak to that a little further, I'd like to ask Dr. Morgan to come to the podium just for a moment.

MR. JOHNSON: Sure.

DR. MORGAN: Good morning, ladies and gentleman. My name is Thomas Morgan. I'm an M.D. I am board-certified in physical medicine and rehabilitation, and also in pain medicine. Following my

residency training, I did a fellowship -- or an extended period of expertise training -- in spine interventional procedures like you just saw one example of, and also a fellowship in sports medicine at Michigan State University.

I've been involved in pain management for most of my career, over 20 years now, and I've also, as Brantley said, sat on government -- governor-appointed boards for the study of the best practice methods for pain management, both by Governor Wilder, in Virginia, and also by Governor Romer, in the state of Colorado.

My wife is a physician also. My wife worked in these areas. She is a specialist in pediatric neurology and currently working at Le Bonheur and St. Jude Hospital in Memphis.

You probably know, if you've read through the text of the summary notebook, that over a million people in America suffer from chronic pain, and this problem involves more people that -- in combination, more people from [verbatim]

heart disease, cancer, and diabetes. So it's a very, very widespread problem, and it costs American taxpayers, in one way or another, over 650 billion dollars a year.

One of the things that we do in our clinic that I think is unique and, hopefully, directed at addressing this in a much more cost-effective way, but the most important thing, a much more functionally restorative way for the patient, is that we emphasize, first of all, that we pinpoint the exact problem. In medicine we call it the "pain generator": Where is the pain coming from? Most people with chronic pain -- not all, but most -- have problems in their spine, and it's very difficult sometimes to actually localize the pain generator.

So these types of injections have two purposes. One, we use these injections to actually diagnose specific problems; make certain, in our own minds, whether the person's pain is coming, for instance, from a herniated disc and a pinched nerve or, perhaps, a sacroiliac joint in the spine, that you saw there, versus a facet

joint versus some other problem.

We also have -- we now have very advanced pain techniques that are done, by interventionalists like me, in facilities -- in operating room-type facilities that we're seeking -- called "spinal cord stimulation." This has been a revolutionary tool in our armamentarium for treating patients with chronic -- what's often called "chronic failed back syndrome," people who have had two or three back surgeries still have not been able to return to normal function and normal productivity in life.

So with this comprehensive method that we're using, we monitor very carefully with urine drug screens, we use the State of Tennessee Pharmacy Board to make sure that patients aren't getting medications from more than one pharmacy, and we have a pain medicine contract that both the patient and the physician sign that have very strict guidelines about the use -- about the dispensing and the usage of medications. And I can tell you that we monitor this extremely

closely and that we discharge at least one patient a week from our practice due to violations, according to these monitoring processes.

So, in summary, I think that pain is a very complex thing. I think, traditionally, over the past 10 to 15 years, we haven't always had the smartest or brightest approach to helping people not only deal with their pain, but then helping them restore their functional activities, return to work, return to their family activities, their church activities, et cetera.

This type of program does that. And we're very proud of our record. And I think with the addition of this facility, it will help us in terms of patient safety, patient convenience, and just allow us to serve a larger population of our service area. Thank you. If you have any questions, I'm available for questions at any time.

MR. JOHNSON: We'll get to the questions at a later time.

DR. MORGAN: Thank you.

MR. JOHNSON: I think your time is almost finished.

MR. PHILLIPS: Yes, sir. I'll move very quickly. As you can see, this is a very well-crafted project that looks to bring a high-quality, multidisciplinary approach to pain management to Clarksville and the surrounding area. As noted in the staff report, the project satisfies all the statutory criteria for approval.

In addition to the many clinical benefits, the project is needed for several reasons. It will improve patient access, as Dr. Morgan noted. There are currently no ambulatory surgery centers in Clarksville or Stewart County that are dedicated to pain management only. That's what this practice will do.

This practice is also large and growing, and it will allow these doctors to be able to serve that growing patient population. It also will allow us to be able to move certain procedures that are now being done in the office environment to the more -- the preferred environment of an OR setting.

Some patients, particularly patients who have comorbidities and other risk factors, require sedation in order to receive the injections and other treatments that Dr. Morgan referenced, and, obviously, you only want to do that in an OR setting.

Also, having a dedicated on-site environment like this connected to the clinical practice will allow Dr. Morgan's and Dr. Longo's staff to develop the concentrated expertise that is needed to make sure that patient safety, and at the highest quality of care, is provided.

There's also issues related to reimbursement that will be improved by the addition of this project that will allow the practice to continue serving the large TennCare population that it does.

Along with need, the project meets the other statutory criteria for approval. The ability to finance the project is certain, and, given the growing patient volumes, the project will see high utilization and a positive cash flow immediately. And, of course, as I mentioned,

the services will be open to Medicare and TennCare patients. The practice currently sees approximately 31 percent TennCare.

Finally, the project contributes to the orderly development of healthcare in several ways. As I mentioned, it will give Clarksville and the surrounding community its first "Pain Center of Excellence" and will provide these effective surgical alternatives to help patients cope with their pain issues. And, also, under the leadership of Dr. Morgan, we'll have excellent physician resources guiding the program and making sure it meets the highest standards.

The project is also conveniently located to patients in the area. In addition to being along a major highway, it's also located immediately adjacent to a public bus stop. And, finally, the project is supported by elected officials in the community, as you've seen in the application materials that you have. State Representative Joe Pitts supports the project, and we're very happy to have his

support.

So for all of these reasons, we think the project is well worth your consideration, and we ask for your approval. Thank you, Mr. Chairman.

MR. JOHNSON: Thank you, Mr. Phillips.

Opposition, you have up to ten minutes.

DR. DOZIER: Good morning. Can you hear me at this distance?

MR. JOHNSON: Uh-huh.

DR. DOZIER: My name is Damon Dozier, Dr. Dozier. I'm a board-certified anesthesiologist, board-certified pain management specialist. I did a pain fellowship like Dr. Morgan was describing too. It involved interventional training that involved all the injections they were, kind of, referring to, to help spinal pain.

Chronic pain, of course, just isn't of the spine. I completely, you know, agree with just about everything he said about chronic pain. It needs to be treated; it needs to be treated effectively and

responsibly. And there's been some problems in some of the treatment centers in the community, some of which was addressed with some of the state laws that have been passed, all of which I was in the legislative hall to support, and I spent a considerable time doing so.

So I'm trying to -- trying to help Tennessee treat their patients better has been a thing I've done since the beginning of my active career, I guess you would say. I started working in Clarksville in 2009. I went to the University of Mississippi for my residency and board -- you know, ACGME-accredited pain fellowship.

The lady that spoke at the beginning of the meeting said that we need to talk about need, cost, and medical appropriateness, so I'll try to focus, because I have trouble with focusing. I have a lot of notes jotted down here, but I'll hit the need topic first.

Since I'm in opposition, I think you realize that I think there's no need for another ASC in Clarksville.

Currently, you have Clarksville Surgery Center, which is located within three miles from the facility that Dr. Longo -- he's had that chiropractic service out on Wilma-Rudolph for some time. I think in his application it says "since in 2009."

There's also a surgery center within a five-mile radius called SCA -- Surgery Centers of America -- that has a facility there loosely associated -- or, I guess, strongly associated -- with an ortho group on kind of the opposite side of town. And, of course, within three miles of the facility and within one mile of my facility, you have Gateway Medical Center.

I know Gateway Medical Center is not an ASC, but they do, indeed, have an interventional suite available, they have two interventional radiologists, and ORs available for these unique techniques that Dr. Morgan was referring to.

(Directed at Dr. Morgan) I haven't met you. I apologize, but . . .

I do spinal cord stimulator placements at Gateway Medical Center

currently. And it may not be quite as convenient, but it sure is safe, as safe as we can be.

Currently, I have traveled to the three different surgery centers. So in addition to the two surgery centers, ambulatory surgery centers, that are multidisciplinary in Clarksville, you have two others within 30 minutes, within a 30-mile drive. You have one in Hopkinsville, Kentucky -- which, in this catchment area of Clarksville, we receive a lot of patients from Kentucky -- in addition to the Jennie Stuart Ambulatory Surgery Campus, which is in Hopkinsville, a convenient, less-than-20-minute drive. I mean, I make it in about 25, but I'm usually not going the speed limit. But, ultimately, there is also Jennie Stuart Medical Center, which has an interventional anesthesiologist at it.

These facilities, for years, have been performing procedures for Medicare and Medicaid, TennCare, TRICARE, a variety of insurances, including Cigna and others. And I accept all those insurances as do some of

the other six interventional physicians that are in Clarksville, one of which is a PM&R physician. I don't think he does neuromodulation procedures like the spinal cord stimulator, but he is a PM&R physician. There's another PM&R physician that travels to town, but I don't think he performs interventional procedures very often.

So what I'm trying to paint for you is that including myself, there's actually a clinic less than 200 yards from mine, which is, again, within a one-mile radius of the main hospital, that has a procedure room -- interventional procedure room -- just like I do, and they do spinal cord stimulators also.

You know, it's not a question of whether we're bringing quality pain management to Clarksville. I think we've got quality pain management in Clarksville for the interventional side of things.

The Pill Mill Bill was passed in reference to a lot of problems. Dr. Morgan cited the pharmacy website, which is the "Tennessee Controlled Substances"

website. Which it's part of the law -- you have to look at that; you have to do drug tests -- you have to do all those things to be a pain clinic. But that's a separate issue. You don't need an ASC to be a pain clinic if you're going to be just writing medicines; right?

You don't need an ASC attached to your business if you're going to do procedures. For the most part, you can do caudal epidurals, these types of things, with relative safety, in a clinical setting, and have an LPN or an RN as part of your customary follow-up of the patient in a recovery setting. That's what I do in my office pretty regularly.

In addition to that, what I want to make a point is that the surgery centers that I travel to aren't at capacity, that I know of, because I used to go to one, the SCA facility, on every Thursday and do 15 or 20 injections. I haven't used that block time in a while because I just haven't had enough business to take over there. So there's a half-a-day for sure that someone

could be doing 20 procedures a week.

Now, let's say the next surgery center I go to -- still in Clarksville. I don't want to confuse you. I've bounced around a little bit -- Clarksville Surgery Center, located on Weatherly Drive, which is within a couple of miles of both of our clinics, they've been, you know, in no uncertain terms, begging me to come there on Tuesdays for two years. So they have the majority of the day -- not just a half-day, but the majority of the day on Tuesday and then two other half-days fully available, and I'm there on Friday afternoons from noon until 6:00.

Most interventional procedures can be done safely and reasonably in a 15- or 20-minute period, and depending on the facility and the familiarity of the nursing staff -- which both of these surgery centers have a very familiar nursing staff with the interventional pain setting -- you find that, you know, you can do about 15 to 20 procedures in that time frame.

So I was looking at some

numbers -- because I noticed in the application it mentioned, "Is there a need? Are these facilities at 80 percent capacity?" I know, also, it says that regardless of those things, someone could still attach an ASC to their clinic. But, ultimately, my numbers show that, you know, over 2,000 more injections a year could be done just with the existing facilities you've got.

And myself, this week, I could add ten people. That's 100 -- you know, that's, you know -- what? -- 40 a month right now just at that one facility. If I added ten at the other one -- do the numbers. I mean, you're talking about a thousand procedures just for me per year. They aren't going to refer these patients to me, which is fine -- I understand that -- but, ultimately, in my place, someone could physically be there doing those procedures.

So if we're looking at the need of an ASC in Clarksville, I don't think it's there. I don't think you've met the need [verbatim]. If you're talking about the

growing appropriateness for medical care -- let me term it again. I guess it was "medical appropriateness" that you were talking about. Medical care, Medicare, everything has been part of the blame game with the budget. Making more money in a surgery center right now is not the direction that we should be talking about.

You know, one of their closing statements is [verbatim], "Well, we'll get better reimbursement." From whom? The taxpayers is who you're going to get better reimbursement from. If we're going to take more non-insured patients and put them on a Medicare or Medicaid insurance policy -- and I don't understand all the factors into that process, obviously -- I mean, I'll make it obvious if I talk about it. I don't understand all the details of how you fund those things, but I doubt doing more procedures, in a more expensive setting, is going to be more cost-effective. That doesn't make any sense.

Now, selecting the right procedure for the right patient is exactly

what I've been begging for for three years. Ever since I got here -- I rolled up into Clarksville and it seemed like they didn't know what an interventional spine procedure -- an interventional spine physician was. At Gateway, if you weren't a back surgeon, they didn't know what you were.

You know, granted, we've come a long way in two or three years. Now I'm doing spinal cord stimulators, spinal cord trials, all these types of things, where you basically insert a pacemaker-type wire into the spinal space. For someone that has had multiple back surgeries and has gotten little or -- you know, little or no back pain improvement from the types of injections we can offer, then that's the modality you go to.

And I understand Dr. Morgan belongs to a revered agency or group called ISIS, which is interventional spine physicians [verbatim]. I also belong to American Society of Interventional Pain Physicians, which is the same group. One of the things specific about ASIPP -- and I'm

actually the vice-president of Tennessee's chapter, TNSIPP -- which is to say that ASIPP has been working on evidence-based medicine to conserve these procedures for the patients.

One of the things we've had trouble with, when it came to the legislation, talking about not the Pill Mill Bill but yet another bill that just got passed and becomes effective in July of 2013 is the Interventional Bill. Which the IPM Bill basically said that if you're a nurse practitioner, a physician assistant, or a CRNA, you need someone like myself in the facility watching you do anything if you're going to stick a needle in someone's spine.

We've learned recently there's a lot of issues that can occur, including death. Unfortunately, there was some contaminated medicines with epidurals and these such things. And a little history note --

MR. JOHNSON: Dr. Dozier, your time is almost up. So can you close?

DR. DOZIER: I will. A history

note, other than the -- let me touch on the medical appropriateness.

Overutilization is a problem. There was a procedure called "peripheral nerve stimulator" -- it wasn't FDA approved -- that Dr. Longo's office was doing. Now it's been reappropriated by Medicare and they're not even approving trials for that at this point that I know of. I could be wrong about that, but I do know that that kind of -- the reimbursement for the trial of that procedure got reappropriated by Medicare and isn't covered.

One of my concerns is that things like that happen. When you get overutilization, you actually have a negative number, kind of -- the denominator gets too big and the positive effects of a procedure gets wasted. And one of the things about the Interventional Pain Bill was -- one of the clinics that I felt was a problem was Dr. Longo's.

Before Dr. Longo got involved with a couple of the doctors that he

describes in his application that says that they moved into more interventional spine procedure-type stuff and got board-certified, experienced doctors to do them, before that, he consistently had nurse practitioners, PAs, and CRNAs doing interventional spine procedures even on the neck, which is a lot more risky than just the lower back, in his facility.

Now, Dr. Morgan, of course, rights that ship, I'm sure, and some of those things he was describing does so, but as far as cost-effectiveness, I don't think, you know, the numbers are going to prove it. I mean, basically they say in their application they're going to make 5 million dollars or 4 million dollars off of Medicare and Medicaid. That's kind of the opposite way I would think we need to be going.

There's already six interventional clinics in Clarksville and the immediate area that have interventional procedure rooms in each clinic and they do these procedures. And I mentioned that three of those are pain-certified

anesthesiologists; one is an anesthesiologist and one is a PM&R doctor.

So out of all this availability of very high-level care, maybe we can keep good, high-level care in Clarksville, but I don't think we need a new ASC. You know, I could make a hundred more points that I think are valid, but I think you need to keep in mind that you've got surgery centers a half-hour either way, two surgery centers in town, and then several specific ASCs in the town already.

And, you know, to be honest with you, tomorrow I could add, you know, 20 procedures a week. And it's not that patients have to wait a month. I could add them tomorrow. Or they could choose to go to one of these surgery centers, call them up and develop a relationship, and they'll do it in a heartbeat.

And the last point: I note Dr. Longo and Dr. Morgan have mentioned several times this multidisciplinary clinic. There's physical therapy in my same building. It's not my -- I don't own it.

But multidisciplinary pain treatment has been a goal for everybody, including physical therapy, chiropracty [verbatim], psychology, sports medicine included. But you don't need an ASC to do wellness training, dietary training, chiropracty, physical therapy; right?

I'll conclude, since you're looking at your watch. Thank you for your time.

MR. JOHNSON: Thank you, Dr. Dozier.

Rebuttal, five minutes. Mr. Phillips.

MR. PHILLIPS: Thank you, Mr. Chairman. Brant Phillips for the applicant. I appreciate Dr. Dozier's comments. We obviously disagree with his perspective on the situation in Clarksville.

As the staff reports make clear, there are only two ASCs in Clarksville that are performing these procedures. They are multidisciplinary facilities. They are doing -- less than 18 percent of their procedures focus on pain management. And the

issue that we have with that and why we think our project addresses an important need for this community is because, obviously, in a multidisciplinary setting like that, whether you have physicians who are specialists in the area or not, they are having to rely on support staff that are -- since we're in the World Series season -- I'll say are utility infielders.

They are required to have -- they are unable to develop the kind of concentrated expertise in these specific sorts of procedures that a patient -- and, certainly, if I were having this kind of procedure, I would want the support staff to have [verbatim]. Being able to have a practice like this that's dedicated to pain intervention procedures only will allow the staff to have that kind of concentrated expertise.

I also want to speak, too, on the issue of need from the perspective of the numbers that Dr. Dozier seemed to be so concerned about. As the application makes clear, this is a growing practice, and 97

percent of the referrals to this surgery center are going to come from the clinical practice that these doctors are operating now. It's not going to come from other places in the community. It's going to come from this practice, which is growing and, in just three years, has grown to have a roster of over 1,500 patients.

So there is a need to be able to provide this kind of clinical and surgical support at the same location. These patients have already chosen their clinical specialists -- Dr. Longo and Dr. Morgan -- and asking these patients, who are suffering from chronic pain, to drive half an hour, to drive to Nashville, to receive the interventional procedures that I think we all agree are needed really is not reasonable.

With respect to the issues of reimbursement and other things, we've talked about that before in other applications of this type before the commission. The issue there is not one about making money. It's being able to make sure that the reimbursement can be maximized in a way that

allows the practice to continue to see other types of patients on which it loses money. That is not a concept that's foreign to this Agency. You-all are well aware of that.

This practice, for example, does over $150,000 of uncompensated care a year. Being able to move some of these office-based procedures into an OR setting will help minimize that issue and, as I said, expand the ability of the practice to see the TennCare population it's already seeing and, hopefully, to expand its ability to do that going forward.

So I think when all of those considerations are taken into account, when you look at the qualifications of Dr. Morgan and all that he has been able to do in his career, I think it's very clear that this project is going to be one that is going to add to the resources in the community in a positive way, and, perhaps most importantly, in a responsible way and in the way the General Assembly and this Agency wants to see. Thank you.

MR. JOHNSON: Thank you,

Mr. Phillips.

Questions by the members?

Dr. Haik.

DR. HAIK: I don't know whether this is most appropriate for Mr. Phillips or for Dr. Morgan, but I had a couple of questions. Are you anticipating using other professionals, under your supervision, to carry out procedures? I know, with the new law, they cannot do them independently. I understand that. And how many do you plan to employ?

DR. MORGAN: Dr. Haik, I'm well aware --

MS. BOBBITT: Please step up to the microphone.

DR. MORGAN: I'm Dr. Morgan. Dr. Haik, to address your question, no, we are not going to allow mid-level -- we're not doing it now, allowing any mid-levels -- nurse practitioners, physician assistants, and so forth. We have stopped that practice since October of last year. It's my understanding that as of July of 2013, it won't be allowable anyway, but we stopped

that.

We do anticipate bringing on other board-certified physicians like myself to expand the practice, but we will not be using anyone other than a board-certified, fellowship-trained M.D. to do these kinds of procedures.

DR. HAIK: Can I ask a second question?

MR. JOHNSON: Sure.

DR. HAIK: You know, you have an excellent reputation, and, obviously, an extraordinary history of what you've been doing.

DR. MORGAN: Thank you.

DR. HAIK: One of the things that concerned me was the fact that you are the only real practitioner in this center. And I know you just addressed that, that you'd be bringing others on, but if you had decided to -- I don't know -- for any reason you're out for a period of time, how would this surgery center sustain itself?

DR. MORGAN: I'll answer that in two ways, sir. We have two nurse

practitioners who are excellent, who, on a daily basis, see patients and do the clinical kinds of examinations, make determinations about appropriate testing, MRI scans, x-rays, et cetera, et cetera, et cetera. So if I were out, say, on vacation or ill or whatever, we have clinical mid-level providers that, parenthetically, are excellent that do that, that still run the clinical side of our practice.

Whenever I've been out -- I just had knee surgery, and I was out for about four weeks. We had a board-certified M.D., fellowship trained, who came up on a part-time basis -- what we call "locums tenens" -- to take my place in the interventional part of the practice.

So we have established -- Dr. Longo and I have established good relationships with several other physicians with my kind of training to pinch-hit for me if I'm away. But, again, our immediate goal, quite frankly, is to bring in another physician to be a part of the practice.

DR. HAIK: Okay. One more

follow-up on economic feasibility. Again, obviously it's being funded by a commercial loan ***that'll have to be serviced, and, again, as we say, a single practitioner***. Do you think the numbers are realistic, the expansion? I mean, it looks like you're going to be open three days a week for the first -- or at least the initial phase of it, and I can't remember how many -- that's three patients per hour during those eight-hour days. Is that average?

DR. MORGAN: Yes, sir. And once we have another physician on board, I think we'll be -- the actual interventional ASC that we're talking about, we will have that open five days a week eventually. But for the application process, we wanted to give you what we have today.

DR. HAIK: As the healthcare world changes and as the baby boomers age -- and, as you appropriately point out, there will be a lot more people with chronic pain and in need -- it looks like if you follow the history of almost everything that's reimbursed by either Medicare, as the leader,

or commercial insurers, that when something hits a monoclonal spike or really goes way up in numbers, then they start cutting back on the reimbursement --

DR. MORGAN: Yes, sir.

DR. HAIK: -- and on the approvals.

DR. MORGAN: Yes, sir.

DR. HAIK: And I understand some insurance companies already are limiting how many injections are permitted and they're getting much tougher on approval of injections, feeling that utilization has gone a little bit out of projections; is that correct?

DR. MORGAN: Yes, sir. And I would agree completely with my colleague, Dr. Dozier, about the reasons for that. One of the reasons for that is that we have too many ill-trained medical doctors, who have never been trained to do these procedures, seeing it as an opportunity to help their bottom line, and we also have too many -- and not just in the state of Tennessee -- but too many mid-level providers all across the

United States that are doing these procedures.

And I am 100 percent behind this second bill that Dr. Dozier talked about to absolutely eliminate these mid-level providers and other family doctors, internal medicine doctors who have never been trained in this procedure. To be doing things in the cervical spine next to your spinal cord, they have no business being there. It would be like me trying to tell you or convince you that I could do a four-vessel bypass graft surgery today, if you had a heart attack. I'd be the last guy in the room that you would want to have that done.

But Dr. Dozier's concerns about that are spot on. And I think every well-trained, qualified specialist in our field supports that regardless of how many societies we belong to, and we support it across the United States.

But your point is well taken. As soon as there is a spike, Medicaid and Medicare see that. And, unfortunately, in our lifetimes, we have seen that same

phenomenon happen, not just in pain but in sports medicine and in other areas, because other people, other than well-qualified M.D.s, specially trained to do something, are jumping on the bandwagon simply to make money. And that's wrong.

DR. HAIK: All right. Thank you. I've got one last one. On the business model, I understand you will own five percent of the ambulatory surgery center. That seems like a very small percent of it, and I'm kind of wondering how y'all came about that number. And I assume you have a facility fee and a surgeon's fee when you do these procedures?

DR. MORGAN: Yes, sir. Dr. Longo and I came to that number just as a beginning number, and in our employment agreement I actually have a step-up ownership over the next four to five years that ultimately hits the ceiling of about 25 percent. We felt it was important to have me as part owner for some legal reasons, for some practical reason, and that's just where we decided to start, basically.

DR. HAIK: Thank you very much.

MR. JOHNSON: Mr. Doolittle.

MR. DOOLITTLE: Dr. Morgan, just to try to clarify a couple of things, at the tail end of Mr. Phillips' comments, he said that 97 percent of the referrals to this will come from your practice. The way I read the staff's summary, virtually all of the procedures being done now are done in the practice, and you are transferring them to this new ASC, if it's approved. Is that correct or --

DR. MORGAN: Well, let me try to explain it a little bit further. We have referrals into our practice from other physicians in town, from nurse practitioners in town, from our whole service area. They come into the practice that we have now, and I see patients, along with the nurse practitioners.

If you were to come into our practice for low back pain, I would be among the front-line providers that would examine you, take your history, determine if we needed to have diagnostic studies done; do

you need a procedure or not; do you need to go immediately to the surgeon or not.

So I am part of the clinical team that does the evaluations, but these are patients that are being referred into our practice. Once we have diagnosed the problem as accurately as we can, once we have determined, according to our criteria, that this patient may benefit either from a further diagnostic injection to help us tease it apart, or a therapeutic injection, then our team makes that decision.

And the beauty of that, sir, is I have worked in communities that -- you could almost call them "needle mills," like pill mills, where some doctors just sit there all day and people are referred in to them. They don't talk to the patient; they don't take a history; they don't do a physical exam; they don't order tests. They just start sticking needles in people.

So I think that's the difference. And, again, Dr. Dozier spoke to that too. And none of us that are well trained appreciate that at all.

MR. DOOLITTLE: Well, I'm merely trying to clarify that if you're doing therapeutic or diagnostic procedures now, you are doing them in an office-based setting, and you propose to move them to an adjoining ASC.

DR. MORGAN: Yes.

MR. DOOLITTLE: Is that correct?

DR. MORGAN: Yes, sir. That's right. Yes, sir.

MR. DOOLITTLE: And the only other question I've got is, based on your historical financials and your forecasts, there doesn't seem to be any substantial change in your net reimbursement for an average procedure between what you have historically had in your practice and what you anticipate having in the ASC. Am I reading that correctly?

MR. PHILLIPS: Mr. Doolittle, Brant Phillips for the applicant, if I may interject. That is true. We were trying to be conservative in the way the financials were prepared. And, just as an aside, the

financial model, the business model, that's been developed for this practice was developed by Mr. Kenny Spitler, a consultant who is well known to you-all and who has advised on similar projects like this recently.

We believe the model is conservative. We wanted to make it that way so that we can be sure that we can accomplish what we want to accomplish here. But we do expect to see modest increases in reimbursement, as you're able to take office-based procedures and move them into the OR setting.

MR. DOOLITTLE: Okay. So there is a differential in reimbursement on a per-procedure basis?

MR. PHILLIPS: Yes, sir. It's modest, but, obviously, over the cumulative --

MR. DOOLITTLE: What's "modest"?

MR. PHILLIPS: I really don't know that number, off the top of my head. It's a few percent, I believe.

MR. DOOLITTLE: Okay. Well, you're anticipating net of $188. I mean, are we talking -- you know, is that up from 150, or is it -- I mean --

MR. PHILLIPS: My memory -- and, again, I apologize for not being more precise about it. I believe it's in the neighborhood of 5 percent.

MR. DOOLITTLE: A 5 percent differential up?

MR. PHILLIPS: Yes.

MR. DOOLITTLE: Okay. Fine. Immaterial. Thank you very much.

MR. JOHNSON: Other questions? Dr. Haik, yes, sir.

DR. HAIK: Thank you. If you don't mind, I just wanted to follow up on that, Dr. Morgan. In an ambulatory surgery center -- I mean, as you said before, there's typically a surgeon's fee and then there's also a technical fee.

DR. MORGAN: Yes, sir.

DR. HAIK: And in most of them, the difference between moving an in-clinic case to the surgery center results in

actually a pretty significant bump, less for the surgeon but more for the center itself. Is your specialty different than others? I mean, it would be, normally, much more than 5 percent. It would be --

DR. MORGAN: The answer, Dr. Haik, is yes, it is different. For instance, if we were orthopedic surgeons, doing the same thing, it would be a tremendous bump for the surgeons. So each specialty is, unfortunately, I guess, treated differently by Medicare or Medicaid.

I think Brantley has said it very accurately. My experience in working in Colorado in two ASCs and one in Virginia was that we did see modest increases in our overall revenues, but it basically, as was pointed out, just offset some of the charitable care that we were able to give. So it wasn't as if everybody was running to the bank with a wheelbarrow full of money.

DR. HAIK: Okay. Thank you.

MR. JOHNSON: Mr. Southwick.

MR. SOUTHWICK: Mr. Chairman, I have several questions, if you can indulge

me. Or do you want others to go first and see if they get answered first?

MR. JOHNSON: No. I think you're -- it's your time.

MR. SOUTHWICK: Okay. I've got a list of questions. And I think you presented a pretty good case. My concern was the application. There was a lot of things in it that I didn't understand, and so I want to go through that.

I guess just a quick question, if I can run down my list here, for Dr. Morgan. Why not use the other centers that are not at capacity? All the data suggests that they are well below the 800 threshold, so why not use those centers?

DR. MORGAN: There's one main reason. They're both general ambulatory surgery centers, so there are a lot of different procedures that go on there: Gastrointestinal; orthopedics; ear, nose, and throat; and so forth. And, like Brantley said, their staff is made up of utility infielders. Their staff is not consistently familiar with some of the unique issues we,

as pain interventionalists, have to deal with.

So by working in a single-specialty center, we can train our staff and cross-train so that we can be much more efficient, much, much safer with respect to the kinds of procedures we do. I've worked in generalized clinics, sir, where the staff that was in the operating room with me had no idea what to do in case of an emergency that might arise from our kinds of procedures. So patient safety is a big part of that.

MR. SOUTHWICK: So they're doing roughly -- I think the application said about 23 percent of the procedures were pain [verbatim] in those particular centers in the community. That's not enough to have an expertise?

DR. MORGAN: I'm not saying they don't have an expertise, but I'm saying that we can do better than that.

MR. SOUTHWICK: Okay. Where are you based? Are you based in Clarksville?

DR. MORGAN: Yes, sir.

MR. SOUTHWICK: Okay. Right now you have one doctor -- yourself -- doing the injections?

DR. MORGAN: Yes, sir.

MR. SOUTHWICK: Right?

DR. MORGAN: Yes, sir.

MR. SOUTHWICK: And so I know the plan is to grow it, but when I look at the projections, there's over 3,000 cases projected the first year. And that's cases. And I'm going to make a distinction between "cases" and "procedures," because that's going to lead me down to other issues that I have.

If I look at that and I say, "What do I normally see a single practitioner doing," it isn't that much. So the question I would have is how many practitioners -- how many fellowship-trained pain specialists -- would it take to do 3,000-and-change cases per year?

DR. MORGAN: Well, let's just do easy math. If I'm doing 15 to 20 procedures -- let's just say I'm -- let's take an average of 50 cases per week -- 50

cases per week -- and multiply that by, say, just 40 weeks, that gives you 2,000 cases right there. So I under -- I think I understand the difference between "cases" and "procedures," but that --

MR. SOUTHWICK: Right. No, I think you do. I didn't mean -- and please don't misunderstand. I didn't mean to allude that you don't. But, in the application, I think there's a difference in terms of the financial forecast. And I'll get to that in a second.

So you would at least have to recruit one more pain physician to do this sort of volume?

DR. MORGAN: At least part time. And we've even considered allowing other physicians in the community -- Dr. Dozier, other people -- who have similar specialties, if they wanted to use our facility. That's a consideration that we're open to, but our first plan is to bring on another board-certified pain interventionalist like myself.

MR. SOUTHWICK: Okay. So just

to clarify, that's a little bit of a ***bet on the come-on-our-side*** to say, okay, to do that number of procedures, we've got to believe you're going to recruit that other physician; a fair statement or not?

MR. PHILLIPS: Brant Phillips for the applicant. There is some truth to that, Mr. Southwick, for sure. But I would note for the record -- something that's not in the application -- that Dr. Adkins, who is the locums tenens physician that Dr. Morgan referred to earlier, he is a continuing part of the practice and, as I understand it, has actually already agreed to continue to work with Dr. Morgan two days a week to begin to address some of these volume expectations that we have.

So apart from even -- before we even get to recruiting the full-time specialist that Dr. Morgan refers to, we already have part-time resources, with his kind of qualifications, lined up to assist with the volumes that we are projecting.

MR. SOUTHWICK: Okay. On that particular topic: So if I look at it three

days a week -- and average ORs are open 250, so you're two-thirds of that -- so you're around 171 days. So this is assuming that you'll do about 18 cases a day, if you had "20 minutes" in your application. Is that a reasonable number? Is that a number that a pain clinic should be able to do safely?

DR. MORGAN: 15 to 20 is the number we typically use.

MR. SOUTHWICK: Okay. A question for Mr. Phillips on this issue of ownership. Dr. Haik brought this ownership issue up. The question I have on that is -- I don't know the answer, but, from a regulatory standpoint, does this work if you are going to have a surgery center open to other providers? And, from an Anti-Kickback standpoint, if Dr. Longo is a referral source and an owner but doesn't perform procedures in the facility, is that a -- I mean, I thought that would run into some regulatory trouble. Is that not right?

MR. PHILLIPS: I don't believe so, sir.

MS. BOBBITT: Please state your

name.

MR. PHILLIPS: Brant Phillips for the applicant. I don't believe so. And, to be clear, most of the referrals, of course, into the surgery center are going to come through Dr. Morgan and the work he's doing on the clinical side. Dr. Longo's focus is really on some of the wellness, physical therapy, and other issues of the practice, that we talked about, given the difference in their types of expertise.

MR. SOUTHWICK: Okay. So let me try to go to the financial assumptions, if I can. When I look at the -- let me try to get there. Sorry.

When I look at the data -- 367 [verbatim] cases -- correct? -- 1.77 procedures, so that's taking us up to this 5,430 number. So that is the first number in the utilization data; right? So if I do that math, and then I kind of divide to figure out how many cases we're doing at 3,067 [verbatim], and I multiply that times $188 a case, which is the math that the application states, I don't get anywhere near a

million-four in operating revenue. In fact, I get substantially less than that, which kind of, then, turns the financial projections negative, not positive.

And so I'm trying to understand where that comes from -- or where that issue is -- because if I see -- you know, if we're saying it's 188 bucks a case and I'm looking at numbers that tell me it's roughly $260 a procedure, not a case, then that would equal 460 a case to get there.

So, from a numbers standpoint, I really don't get it, and there's a couple of other things that I think follow on that. But I see that if that's the case, then revenue is overstated by, like, $834,000. And that's where I'm not getting it when I look at the numbers and how it was all put together.

MR. PHILLIPS: Well, I would have to look more carefully at it myself. I did not catch the issue you're talking about in reviewing the financials personally. As I said, we've had this -- we've had this looked at and gone over, from tip to tail, using the

expertise of Mr. Spitler, who has a lot of experience in the ASC space, as you know.

There may be some typographical error here that results in the issue that you're talking about, but we feel confident that the project is going to be cash-flow positive. And that even does not -- and that's before we even take into consideration some of the growth that we're expecting.

MR. SOUTHWICK: Okay. But that -- I mean, what it means is that the top line is wrong or the revenue is wrong, to be able to get there. So we don't know which that is?

MR. PHILLIPS: Well, having -- this is the first I'm understanding of this issue, but I would assume that if there's an issue, it's in the number of procedures, perhaps, but . . .

MR. SOUTHWICK: So let me follow on that because -- and this is where I meant, before, I thought the presentation was good, and, certainly, Dr. Morgan's qualifications. And the types of work, the integrated work, I think that's all good.

But my concern gets into the application where I just -- I couldn't make sense of it.

So, for example, on page 63 (as read): We say that we're going to be doing -- oh, gosh -- almost 4.4 million in gross charges for just Medicare or Medicaid. But that exceeds, actually, the number of -- the dollar amount of gross revenue on the financial statement. So I raise that as a concern. I think that certainly could be a miscalculation or an error, but it's just another concern I have.

(Reviewing laptop computer.)

Sorry. There was one more issue. Maybe I should be quicker. I'll do paper next time.

No. I think that does it. I think there was that issue, and then there was a -- I mean, those are the kinds of things that I'm having trouble understanding. Why do we think it's profitable, if the numbers don't add up?

MR. PHILLIPS: Well, as I say, we feel confident, from the work we've done with Mr. Spitler, based on the inputs into the business model, that it's going to be

cash-flow positive. There may be some difference between what we're showing here, in terms of net income, as a result of some typographical or other error in these columns, but -- and I'm happy to have Dr. Longo or Dr. Morgan speak to that further, if you would like, but we stand by our belief that the project is going to be cash-flow positive almost immediately. And that's based on current experience.

MR. SOUTHWICK: On page 61 it says -- at the bottom, it says, "this project," and it shows procedures and cases per year. It shows procedures of 7,852 and cases of 4,362. So I guess my question there is, is that also a typo or an error of some sort? Because it doesn't --

MR. PHILLIPS: I believe it is. I believe it is, yes, sir.

MR. SOUTHWICK: I don't have any further questions, Mr. Chairman.

MR. JOHNSON: Other questions by members? Mr. Gaither.

MR. GAITHER: A couple of, I guess, treatment questions. One thing we've

run into, in TennCare, is women on pain medicine, they get pregnant, and then the baby is born an NAS baby and we've got to deal with the ICU, premature birth, and they've to be weaned off of the opiates. Do you-guys counsel your patients about pregnancy while they're on pain medicine, that kind of issue?

DR. MORGAN: Dr. Morgan again. "Mr. Gaither;" is that right?

MR. GAITHER: Yes.

DR. MORGAN: Yes, sir. Absolutely. In fact, I think one of the mantras of our particular practice is that we are wanting to mitigate or eliminate all major narcotics, whenever we can, by offering other procedures and other modalities, and restoring sort of a mental attitude in people that they shouldn't really start relying upon narcotics.

Now, if we have someone come into our practice who even thinks they're pregnant, we do not use narcotics. If they're on them, we wean them off of them, and we explain very firmly in our narcotic

contract that we sign with the patient and so forth that, you know, we don't endorse that at all and we will not be willing participants in that.

MR. GAITHER: Okay. That leads to my next question, which we -- we do see an issue with practices doing the injections and they're still on the pain medicine. Do you have that combination --

DR. MORGAN: That's a great question.

MR. GAITHER: -- very often? Or how does that work?

DR. MORGAN: That's a great question. If you will indulge me one second. I have a saying when I -- because of my sports background and my work with Olympic athletes and so forth, I actually work with chronic pain patients with a similar philosophy, emphasizing that you have to get active, you have to lose weight, you have to -- we have to reduce your pain, because you're caught in a catch 22.

If you hurt a lot, it's hard to exercise. I know that. I just had my knee

replaced six weeks ago. We have to reduce your pain, we have to reduce your way of thinking about the pain, and your marriage to the pain. And that's why a multidisciplinary approach, with psychological input and so forth, helps. But I tell people this all the time: "If I am writing pain prescriptions for you and you cannot prove to me that you've done volunteer work this month in the hospital, or for the Boy Scouts, or if I don't have any proof at all that you're trying to do your part to plug yourself back into the community by doing either volunteer work, looking for a part-time job, whatever, then if all I'm doing is giving you narcotics so you can more comfortably sit at home and watch Oprah, then I don't play that game and you're not my patient."

So our goal is certainly to try to use the appropriate recipe of medications for those people who, absolutely, that's their only choice. And there are people like that, hundreds. Maybe 10 percent of our practice, that's the only choice we have, sir.

But, in the other cases, we make it clear, right from the very first visit, that our goal is to either eliminate or reduce significantly the number of narcotics you're on, the number of pills that you're taking, and, in essence, turn you back into an athlete and have that athletic mind-set where you're going to be a productive member of your community.

MR. GAITHER: Okay. Thank you.

MR. JOHNSON: Other questions by the members? Dr. Haik.

DR. HAIK: I just wanted to follow up on Mr. Southwick's question about our interpretation of the numbers, and the feasibility, and the fact that they really are dramatically different in different parts of the application. And I didn't know who could speak to that. Because, I mean, obviously, the feasibility changes dramatically, depending on how you calculate those numbers. And, again, they're not clear in here.

DR. MORGAN: I was not involved in that part of the process at all. And I'm

not a numbers guy, so I would defer to anyone else.

DR. LONGO: I'm Dr. Longo. I don't know that I'm going to be able to stand up here and do mental math to try to find where the errors are specifically. Actually, I spoke with Kenny earlier this week, and he had anticipated being here for questions like these, just in case they arose, and he got trapped out of town. He travels quite a bit.

We went through these numbers over and over, and -- I mean, he was excited about the project, just from a consulting basis. He said, "Man, this is good. You-guys are going to hit a good cash flow and this is -- it all looked like it worked out."

So I don't know where in the process, from us having on the computer screen -- you know, the Excel spreadsheets in front of us -- and talking about it ad nauseam, to this, that something got typed in error or printed. I don't know what happened. Or maybe we just presented it

poorly here in this application. I don't know.

I do just know that based on the numbers we had and the forecast that he had, everything worked out well and looked great. They were, you know, similar to the forecasts and projections that we used when speaking with the bank to be able to secure financing, and as they went through it -- as you know the bank would, with a fine-toothed comb -- they said, "Yeah, this looks like a good project. We're excited to be a part of it."

So something was lost -- and I don't know where -- but I can assure you we took diligence to make sure that it worked out.

MR. JOHNSON: Mr. Mills.

MR. MILLS: This is a question for Dr. Morgan. You had mentioned earlier that you are able to go to certain other ambulatory care centers to do procedures. Are you able to take your professional extenders, your specially trained nurse practitioners, with you? Because I believe

you stated that some of those folks at the center weren't trained in the procedures that you were doing.

DR. MORGAN: Typically not, Mr. Mills.

MS. BOBBITT: State your name, please.

DR. MORGAN: Dr. Thomas Morgan. I'm sorry. Typically not. Those -- each facility, whether it's hospital-related or privately owned by a group of individuals, have certain bylaws and governing rules that don't allow you to bring in your own staff. And a lot of that has to do with quality control, potential malpractice, potential liability, you know, on, say, the owner if, say, one of my employees happened to do something that brought an unwanted outcome.

MR. MILLS: All right. Thank you. That's all, Mr. Chairman.

MR. JOHNSON: Other questions by the members? Then we go to summation.

And, Dr. Dozier, you'll go first. And you can raise your question or whatever during that time, a maximum of three

minutes. Opposition goes first.

DR. DOZIER: I'm not an eloquent speaker.

MS. BOBBITT: Please state your name.

DR. DOZIER: Damon Dozier -- Dr. Dozier -- board-certified in pain management and anesthesiology. I totally, again, would shake Dr. Morgan's hand, saying, "Great. I'm with you. Love it." But for 90 percent of the things that were just spoken about, an ASC is not required, period. You can still do the procedures in the facility safely.

For those patients -- that small number -- that you need to take to a surgery center, there's two surgery centers available in Clarksville. I've worked at both of them. SCA may be a little better than CSC, but both of them have very qualified RNs and a radiology technician that will help you do your procedures. You direct the x-ray machine and that type of stuff. As far as medical equipment in the ASC -- I presume an x-ray machine is a piece of

medical equipment, but, you know, I don't know what that means to a CON.

Ultimately, I think part of the cost savings -- and this has been recognized by United Healthcare, Cigna, and others that it is cost savings [verbatim] to stay in the office, and it is safe, if you have the right components. Most of the procedures that are done can be done safely in the office -- office setting -- and if they aren't, if a patient wants sedation, if a patient wants the procedure, then you can go to a surgery center and do that. TennCare covers that. Most insurances cover that. Some don't, actually. You know, I think Cover Tennessee doesn't like it.

Anyway, regarding the -- one point I wanted to touch on -- and it totally slipped my mind -- sorry. Ultimately, I'm trying to practice in a comprehensive, controlled manner that has been taught to me that is evidence based.

Not every patient that gets a procedure comes off all their meds, Mr. Gaither. There's chronic pain issues.

There are patients that have mainly psychiatric issues. And, you know, one of the comments is they're looking for the Dopamine effect from the narcotics. You don't treat psychiatric problems with narcotics.

But it is a -- it is a painful truth that most patients may reduce their medicines but don't always come off of their medicines. You have to have a very motivated patient, and you can motivate them. But one of the things that was -- one of the things that pushed me into the IPM Bill, other than the injection mills -- the IPM Bill being the Interventional Pain Management Bill that will become effective in July -- is that some patients were being coerced, in a sense: "Well, you're not going to get your meds if you don't get the shots."

I think that's poor. If a patient doesn't want the shot, they have a patient autonomy that should be respected. It's ethical to respect that patient's choice in the matter. I feel very strongly about that. I also feel strongly, "Well, if you

don't want to try to choose things that may help you, then I'm not going to continue going up on these narcotics. We need to find other ways, go to physical therapy, go find another doctor," those types of things.

I just had a flash across my mind. And I know I've got, like, 30 seconds.

MR. JOHNSON: You've got less than that.

MR. DOZIER: Okay. Ultimately, I don't think the ASC is necessary in this setting. I think Dr. Morgan would be a great addition to Clarksville, in addition to the other six interventional pain doctors that are there that have clinical-setting injections going on. And I think I touched on it, but the two surgery centers in Clarksville -- hey, I've done three years' worth over there. I think they know how to do some epidurals and stuff now. Okay? And I'm just going to waste time otherwise --

MR. JOHNSON: I think your time is up anyway.

DR. DOZIER: I appreciate y'all's time. Thank you.

MR. JOHNSON: Thank you, Dr. Dozier.

Mr. Phillips, three minutes.

MR. PHILLIPS: Brant Phillips for the applicant. Thank you, Mr. Chairman. I'll be brief.

I appreciate Dr. Dozier's comments. He actually made a point -- or helped emphasize a point I hope this board -- that's readily evident to this board, that with this project, we're bringing to Clarksville a physician of unique qualification and expertise to be able to perform what are needed procedures in this community.

This clinical practice is growing. It's growing rapidly. It has a need to be able to perform these kinds of procedures in an OR setting. As I mentioned in the main presentation, there are procedures that require sedation. Some of these spinal stimulation procedures that were mentioned we're not able to do now because we would have to refer the patient out to an ASC, and that's complicated for some of the

reasons we've talked about today already. Being able to do that in-house will enhance the ability to treat the patient in the full range of care that is needed and to do it in a maximum -- with maximum safety, in an environment that we control, under the supervision of Dr. Morgan.

We obviously take the issue of narcotic addiction and abuse very seriously. Dr. Morgan mentioned the lengths that they go to to make sure that that's not a problem. He obviously has a long history of that, and it's something they obviously will continue to do going forward for all of the reasons that are important to this Agency.

And, finally, I'll just end by saying that there is a need here. You could not take the number of procedures that are projected to be performed in this facility and add them to the two other facilities in the community without -- existing now in the community without pushing those two facilities over the 800-case limit, well over the 800-case limit. And so the need for a new facility would become evident almost

immediately.

So with all of that in mind, we believe this is a valuable project, it's well-crafted, it's well-staffed, and we believe it will be an excellent resource to the community. Thank you very much.

MR. JOHNSON: Thank you, Mr. Phillips.

Discussion by the members?

MR. SOUTHWICK: Just quickly, Mr. Chairman. I appreciate the comments from both sides. You know, I look at this as some good physicians trying to do a good thing, but I am struggling, because the application is not clear to me. It doesn't produce what I see as clear need. And if a significant number of the injections being done are joint -- so they're hip or knee, and that is commonly done in the office -- so I question the reason to move all those. But, you know, that's not my choice. That's a physician's choice and a patient's choice.

But more to the point, I just have issues with -- you know, I can't yet determine whether financial feasibility is

done here, because I don't, you know, have any recollection of -- or knowledge of what numbers are right or what numbers are wrong. The way the math adds up in the application that's been presented to me is not even close, so for that reason, I can't support it at this time.

MR. JOHNSON: Other discussion? All right. Mr. Mills, and then Mr. Doolittle.

MR. MILLS: Mr. Chairman, I would have to agree with Mr. Southwick. I think Dr. Morgan -- they presented that he has the qualifications, but I, too, when looking at the financials, can't quite balance the budget with that. And I don't know if it's appropriate or not -- you need to advise -- but can they review, revise, and resubmit, if we defer this application?

MR. JOHNSON: To answer the question, we can approve the motion -- or approve their certificate, we can deny it, or we can defer it. And I think your question was could we defer this application until the day that it can be clarified?

MR. MILLS: Yes, sir.

MR. JOHNSON: The answer is yes, if we choose to go in that direction.

MR. MILLS: All right. Thank you.

MR. JOHNSON: Mr. Doolittle.

MR. DOOLITTLE: My comments are very much in line with Mr. Southwick and supported by Tom. You know, if you just look at some of the -- you know, the summary numbers -- you know, number of cases times $800 -- you get to two-and-a-half million dollars, and they've got 4.4 in gross. So I'm usually the numbers -- one of the numbers nuts, and I didn't get into it probably as deeply as Mr. Southwick does, but it certainly would have been more helpful to have the gentleman that put this together to be here to answer these questions, because it's a mystery.

MR. JOHNSON: Other discussion by the members? Any discussion? Well, seeing none, then a motion is in order. Mr. Doolittle.

MR. DOOLITTLE: Based on the

discussion amongst the members, I would like to move that we defer this application until it can be resubmitted with clarifying financial statements, forecasts, and projections.

MR. JOHNSON: May I make a suggestion about timing for the motion?

MR. DOOLITTLE: Of course.

MR. JOHNSON: The November agenda, it appears to be really full, and my suggestion is, so that it can get a fair hearing and enough time, that the motion be amended to defer until the December meeting where we have only three applications, at this point, to hear.

MR. DOOLITTLE: I'm very sympathetic to that, but if -- this is an editorial question, I guess -- if all we're asking for is a resubmittal of financials that have been rationalized, it seems to me that would be a reasonably short discussion. I'm perfectly happy to amend my motion to suggest that it come back on the December timetable, but, you know, it --

MR. JOHNSON: I think it could

be a short discussion. It might be --

MR. DOOLITTLE: It might be a long discussion.

MR. JOHNSON: It might be longer.

MR. DOOLITTLE: All right.

MR. JOHNSON: I'm willing to stay here until we finish in November, but I'm just pointing out --

MR. DOOLITTLE: No, no, no. Let me just say that I would amend my motion that we defer this until the December calendar and add it to that one, assuming that the applicant and their supporting financial adviser can reconstitute the numbers by that time.

MR. JOHNSON: Is there a second?

MR. MILLS: Second.

MR. JOHNSON: Seconded by Mr. Mills. Please call the roll.

MS. BOBBITT: Jordan?

MS. JORDAN: Yes.

MS. BOBBITT: Wright?

MR. WRIGHT: Yes.

MS. BOBBITT: Mills?
MR. MILLS: Yes.
MS. BOBBITT: Doolittle?
MR. DOOLITTLE: Yes.
MS. BOBBITT: Gaither?
MR. GAITHER: Yes.
MS. BOBBITT: Weaver?
MS. WEAVER: Yes.
MS. BOBBITT: Haik?
DR. HAIK: Yes.
MS. BOBBITT: Byrd?
MS. BYRD: Yes.
MS. BOBBITT: Southwick?
MR. SOUTHWICK: Yes.
MS. BOBBITT: Johnson?
MR. JOHNSON: Yes.
MS. BOBBITT: Ten "yes."
MR. JOHNSON: The motion passes. The certificate application is deferred until the December meeting.

We're going to take about a 10-minute break and we will convene again at 10:15.

(Recess taken.)

///

MS. HILL: Agency members, I'd like to ask you all to please keep the application that we just heard. Since it will be heard again in December, if you'll hold onto it.

MR. JOHNSON: Mr. Farber.

MR. FARBER: SeniorHealth of Rutherford, LLC, doing business as TrustPoint Hospital, Murfreesboro, Rutherford County, CN1207-031. This application is for the addition of 16 psychiatric beds -- 8 adult plus 8 geriatric -- to its 60-bed hospital. The requested beds will be licensed as hospital beds, as are the already approved beds at the applicant's hospital. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the applicant will serve Medicare, Medicaid, commercially insured and private-pay patients, and the applicant will be licensed by the Tennessee Department of Health. Estimated project cost is $165,000.

There is opposition to this application from Rolling Hills Hospital, LLC;

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November 21, 2012

VIA HAND DELIVERY

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Surgical & Pain Treatment Center of Clarksville LLC – CN1207-036

Dear Ms. Hill:

As you aware, the above-referenced application was heard at the HSDA's regular meeting on October 24, 2012. During the course of that hearing, certain questions about the financial information submitted with the application were raised. At the conclusion of the hearing on this application, the board opted to defer further consideration on this application until such time as the applicant could submit corrected financial information aimed at resolving those questions.

As we understand it, the questions at issue relate only to the financial information that is presented on Chart C-II-5, which is found on page 35 of the application as submitted. In re-examining Chart C-II-5, we have determined that it does contain a clerical error. We believe that all other data submitted with the application is accurate.

The following describes the mistake that appears on Chart C-II-5.

The original financial projections developed for this project assumed a wide array of CPT codes, including the CPT code for a certain procedure (i.e., trigger point injection) that need not be performed in a surgical setting. As the financial projections for this project were refined for submission to HSDA, the trigger point injection CPT code was removed from the projections for cases and procedures. Chart C-II-5, as submitted, reflects this downward adjustment. It does ***not***, however, reflect the corresponding downward adjustments to net charges, contractual adjustments and net revenue. Stated differently, we submitted a chart that includes projected case/procedure volumes that were accurate coupled with charge/adjustment/revenue projections that were inaccurate and not tied to those projected case/procedure volumes. We regret this clerical error and any confusion that it caused.

We have attached to this letter a corrected Chart C-II-5. As you will see, when the chart is corrected to include all of the accurate data, the economic viability of this project is readily apparent.

Having resolved any question about this project's economic viability, we wish to remind HSDA of its many other merits. As explained at the hearing on October 24th, only two ASTCs are presently in operation in the Clarksville-area. Neither of these existing ASTCs is exclusively dedicated to interventional pain management procedures, as will be the case for this project. Given the growing number of patients requiring this type of care (up 23% since 2008), there is a clear need for this facility. This project will also contribute to the orderly development of healthcare. Indeed, considering that it will be staffed by a former physician to the U.S. Olympic team who is board-certified specialist in pain management, the proposed facility will promote and maintain the highest standards of patient care using a comprehensive, multidisciplinary approach that minimizes reliance on narcotics. Likewise, because the overwhelming majority of patients will come from the project's adjoining clinical practice, it is not expected to have any adverse impact on other existing providers.

Thank you for your attention in this matter. We look forward to answering any additional questions you may have at the HSDA meeting set for December 12th. In the meanwhile, please do not hesitate to contact us if you require any additional information.

With kind regards, I remain,

Very truly yours,

W. Brantley Phillips, Jr.

WBP:
Enclosure

11357642.1

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: Average Charges, Deductions, and Net Charges	**CY2013**	**CY2014**
Surgical Procedures/ Surgical Cases	5430/ 3067	5702/ 3220
Average Gross Charge Per Procedure/ Average Gross Charge Per Case	$817.10/ $1446.62	$817.10/ $1446.62
Average Deduction Per Procedure/ Average Deduction Per Case	$557.28/ $986.62	$557.28/ $986.62
Average Net Charge (Net Operating Revenue) Per Procedure/ Average Net Charge (Net Operating Revenue) Per Case	$259.82/ $460.00	$259.82/ $460.00

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 24, 2012
APPLICATION SUMMARY

NAME OF PROJECT:	Surgical & Pain Treatment Center of Clarksville, LLC
PROJECT NUMBER:	CN1207-036
ADDRESS:	2269 Wilma Rudolph Blvd. Suite 102 Clarksville, (Montgomery County), TN 37040
LEGAL OWNER:	Superior Healthcare, PLLC 2269 Wilma Rudolph Blvd. Suite 107 Clarksville, (Montgomery County), TN 37040
OPERATING ENTITY:	Not Applicable
CONTACT PERSON:	W. Brantley Phillips, Jr. (615) 742-7723
DATE FILED:	July 13, 2012
PROJECT COST:	$1,012,933
FINANCING:	Commercial Loan
PURPOSE OF REVIEW:	Establishment of a single specialty Ambulatory Surgical Treatment Center (ASTC), limited to Pain Management

PROJECT DESCRIPTION:

Surgical & Pain Treatment Center of Clarksville, LLC is seeking approval to establish a single specialty ambulatory surgical treatment center (ASTC) limited to pain management at 2269 Wilma Rudolph Blvd. Suite 102, Clarksville, (Montgomery County), TN 37040. The ASTC is proposed to be housed in 1,500 square feet of build-out space immediately adjacent to the practice office of Clarksville Pain Consultants located at 2269 Wilma Rudolph Blvd. Suite 107, Clarksville, (Montgomery County), TN 37040. The single specialty ASTC will contain one operating room, two (2) pre-op/holding stations, two (2) post-

operative recovery stations, a nursing/staff work station, an exam room, support areas, including clean and soiled storage, secure storage room, and a reception and waiting area. (*See floor plan in Attachment B.III*). The ASTC will be staffed from 8:00AM and 5:30PM, three days per week.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

AMBULATORY SURGICAL TREATMENT CENTER

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:
   a. An operating room is available 250 days per year, 8 hours per day.

      The applicant indicates the pain management ASTC with one operating room will be used three days per week.

   b. The average time per outpatient surgery case is 60 minutes.

      The applicant indicates the procedures in this project will be fluoroscopy guided injections which will average 15 minutes per case.

   c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

      The applicant indicates the average turnaround time between cases will be 5 minutes.

   d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

      The applicant estimates 1.77 procedures per case and projects 3,067 cases (i.e., 5,430 procedures) in the first year and 3,220 cases (i.e., 5,702 procedures) in the second year.

      It appears that this criterion has been met.

e. **Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity**

A review of the Joint Annual Reports over the period of the latest three years reveals that all rooms reported in the Joint Annual Reports have been counted in the analysis in this application.

It appears that this criterion has been met.

2. **"Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.**

The applicant identifies Montgomery and Stewart Counties as the proposed project's primary service area. 86% of the patients in the physicians' practice associated with the proposed project reside in Montgomery and Stewart Counties.

It appears that this criterion has been met.

3. **The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.**

The applicant states the majority of patients will live within 30 minutes travel time to central Clarksville and this facility.

It appears that this criterion has been met.

4. **All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.**

The applicant is proposing to build one operating room within the ASTC and estimates 1.77 procedures per case and projects 3,067 cases (i.e., 5,430 procedures) in the first year and 3,220 cases (i.e., 5,702 procedures) in the second year.

It appears that this criterion has been met.

5. **A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.**

   The two multi-specialty ASTCs within the applicant's proposed primary service area have <u>not</u> performed over the three most recently reported years at an average of the Guidelines for Growth ASTC utilization standard of 800 cases/room/year. However, the applicant is proposing the first and only single specialty pain management ASTC within the primary service area, Montgomery and Stewart Counties.

   It appears that this criterion has been met.

6. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.**

   The applicant plans to have one (1) operating room in the ASTC designated for ambulatory surgical services.

   It appears that this criterion has been met.

7. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center**

must project patient utilization for each of the first eight quarters following completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant provides projected utilization for the first eight quarters after project completion on page 18 of the original application, followed by the methodology for projections which includes current procedures performed by Clarksville Pain Consultants

It appears that this criterion has been met.

8. **A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.**

The applicant has selected a primary service area of Montgomery and Stewart Counties. Approximately 73% of the Clarksville Pain Consultants' patients reside in Montgomery County, while another 13% of the patients reside in Stewart County. The ASTCs patient origin is based on the practice's patient origins.

It appears that this criterion has been met.

SUMMARY:

The Surgical & Pain Treatment Center of Clarksville will be located on a 1.47 acre property approximately 3 miles off 1-24, at exit #4 in Clarksville, Montgomery County Tennessee. It will be adjacent to Clarksville Pain Consultants, which is Dr. Kyle Longo and Dr. G. Thomas Morgan's multidisciplinary State Certified Pain Management Center (*See Plot Plan in Attachment B.III*). There is a public bus stop directly in front of the facility which services all of Montgomery County, and part of Hopkinsville, KY. The public bus stops every thirty minutes for all major access points in Clarksville. Additionally, the proposed location is served by the TennCare Transport Van.

According to the applicant, Clarksville Pain Consultants (CPC) has offered medical and chiropractic services since 2009. With the growth and variety of CPC's patient population, and the growing need for access to health and wellness care in Montgomery County, the practice expanded to include dietary counseling, wellness counseling, and patient-specific exercise programs. In late 2011, the practice expanded further to add higher level interventional pain management procedures, performed by Clarksville-area physicians, all of which were Board Certified in Pain Management and experienced in interventional pain management procedures. The founder of Clarksville Pain Consultants, Dr. Kyle Longo, has provided chiropractic treatment for CPC patients, but does not perform any interventional pain management. Recently, G. Thomas Morgan, M.D., a pain management specialist, has joined the CPC practice on a full-time basis.

Dr. Morgan is certified by the American Board of Physical Medicine and Rehabilitation and also the American Board of Pain Medicine. He is an active member of the International Spine Intervention Society. Dr. Morgan has served as the team physician for several high schools, colleges, along with serving as a specialty physician for the US Olympic Team. Dr. Morgan oversees patient care at Clarksville Pain Consultants. In addition to managing patient care, Dr. Morgan also performs interventional pain management procedures (*See Dr. Morgan's Curriculum Vitae in Attachment A.4.of the original application).*

The applicant indicates protocols have been developed using best-practice standards and evidenced-based medicine for all patients receiving interventional pain management procedures. This will include monitoring of cardiac status; continuous blood pressure monitoring; and pulse oxygenation levels. Patients will receive complete physical assessments and histories to identify potential risks which will also include an "Anesthesia Assessment Score (ASA)" as recommended by medical standards. All patients will be monitored post-operatively by a Registered Nurse and will not be discharged from the facility until completely stable and released by the physician.

Superior Healthcare, PLLC, d/b/a Clarksville Pain Consultants, is the owner of the proposed ambulatory surgical center. The majority owner of Superior Healthcare, PLLC is Kyle M. Longo, D.C. (95%), with G. Thomas Morgan, M.D. (5%), as the remaining owner and Medical Director. Neither Dr. Longo

nor Dr. Morgan has any other interests in any other Tennessee healthcare facility. *See organization chart in Attachment A.4.of the original application.*

The applicant describes the need for the proposed single specialty ASTC on page 6 of the original application. Among the applicant's key points:

- Patients are continuing to seek alternatives to spinal surgery for relief from pain. Amongst those persons seeking alternatives for pain relief are veterans returning from active duty, as well as older patients in Montgomery County have multiple co-morbidities and chronic conditions which cause pain. Pain intervention procedures provide options to surgery and/or narcotics.
- The proposed ASTC will focus on physician-driven patient care pathways that integrate multiple modalities including chiropractic treatment, wellness counseling, exercise plans, patient education and various pain management interventions.
- Due to the limited number of facilities, patients presently experience scheduling delays, which may be up to a month for higher levels of pain management interventions.
- The proposed ASTC is a safer setting for high risk patients
- Moving certain procedures from an office-setting to an operating room setting will improve reimbursement and assist in off-setting the costs of pro-bono treatments to un-insured or under-insured patients which currently amount to $13,000/month and allow CPC to continue these types of services.
- Patients will have easier access to the facility through public transportation and proximity to major roads and freeways.

The applicant cites a recent 2011 US Department of Health and Human Services (DHHS) and Institute of Medicine's (IOM) report "Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research" which identifies acute and chronic pain as a nationwide health care issue of remarkable scope. According to the Report, chronic pain affecting at least 116 million Americans, which is more than the totals affected by heart disease, cancer and diabetes combined. The applicant notes recent efforts by the Tennessee Medical Association changes state regulations to curb erratic and unprofessional pain management practices that rely too heavily on narcotics. Under the new Tennessee certification process for the establishment of "State Certified Pain Management Clinics", CPC and the applicant believes the

proposed ASTC will qualify as a state-certified pain management facility. *Note to Agency members: A brief summary of the IOM's report is provided in Attachment B.II.C to the original application.*

The applicant indicates Clarksville Pain Consultants will be the primary referral source for the proposed facility. Currently, the typical patient from Clarksville Pain Consultants is referred from Primary Care, Internists, Orthopedists, and other Physicians and Providers in the primary service area. Some patients are even referred from Neurosurgeons, as they may only be available in the primary service area one to two times a month. Most patients are seeking interventions other than more invasive spinal surgery.

The applicant indicates Dr. Morgan and the staff at Clarksville Pain Consultants practice the most recent evidenced-based pain management interventions. The surgery center will allow those pain management interventions to be performed in the best environment – in a secure, surgical setting with optimal patient safety and quality standards in place. It will also assist patient satisfaction as it will be located directly adjacent to Clarksville Pain Consultants in central Clarksville. The proposed facility will provide optimal standards of care. Combined with location, these will assist in the recruitment of additional Board Certified Pain Management Physicians. The facility as proposed will enhance the development of a "Pain Management Center of Excellence."

Citing information from CPC's medical records, the applicant indicates its primary service area will be Montgomery (73% patients) and Stewart Counties (13% of patients) from which the Clarksville Pain Consultants drew 86% of its patients. According to the Department of Health's Division of Health Statistics, the population of the primary service area counties is estimated to be 173,360 in 2012 and is expected to increase by 5.2% to 182,408 by 2016. The age 65+ proportion of the service area population in 2012 is 16,599 (9.6% of the total population) and is projected to grow by 14.1% to 18,644 in 2016 (10.4% of the total population). Service area residents enrolled in TennCare on June, 2012 equal 15.2% of the population, according to the Bureau of TennCare. The statewide enrollment is TennCare is 19.0%

Based on the Joint Annual Reports submitted to the Department of Health, there currently are no single specialty ASTCs which offer pain management services and only two multi-specialty ambulatory surgical treatment centers licensed within Montgomery County which offer pain management treatments. The

remaining three licensed ASTCs are licensed as single specialty ASTCs, offering only GI services (2), or radiation therapy services (1). The two multi-specialty ASTCs are Surgery Center of Clarksville, which has four (4) operating rooms and two (2) procedure rooms and the Clarksville Surgery Center which has three (3) operating rooms and two (2) procedure rooms. There are no ASTCs in Stewart County.

According to the three most recently reported Joint Annual Reports (2009-2011), the multispecialty ASTCs have not exceeded the *Guidelines for Growth's* minimum 800/cases/room/year standard for each of the previous three years. In addition, pain management patients accounted for only 18.2% of the cases performed in the Montgomery County multi-specialty ASTCs in 2011. Below are the available capacity and utilization of the ambulatory surgical treatment center operating rooms in Montgomery County:

Historical Capacity and Utilization of Multi-Specialty ASTCs within Montgomery & Stewart Counties

		2009 (Final)	2010 (Final)	2011 (Final)	
Facility	Oper. Rms/ Proc. Rms*	Cases	Cases	Cases	% of 2011 Total
Surgery Center of Clarksville	4 / 2				
Pain Management		1,133	1,138	1,024	27.1%
Total Outpatient Surgeries		3,981	3,738	3,784	
Cases per OR/PR		664	623	631	
Clarksville Surgery Center	3 / 2				
Pain Management		21	270	136	5.3%
Total Outpatient Surgeries		2,556	2,956	2,576	
Cases per OR/PR		511	591	515	
Primary Service Area Totals					
Pain Management		1,154	1,408	1,160	18.2%
Total Outpatient Surgeries		6,537	6,694	6,360	
	7 / 4 = 11				
Cases per OR/PR		594	609	578	

*The area's multi-specialty ASTC operating/procedure room capacity has not changed over the three reported years.

Source: Department of Health, Division of Health Statistics, Joint Annual Reports 2009-*Final*, 2010-*Final*, 2011-*Final*

The applicant indicates development of this proposal will have little impact on these neighboring ASTCs which provide pain management service. Clarksville Pain Consultant's project will be relocating interventional procedures not from the two other multi-specialty ASTC facilities, but from their own office practice. According to the applicant, none of the physicians performing pain

management procedures at CPC perform any pain management procedures at the other facilities in Clarksville. The applicant reported the performance of 4,936 procedures on 2,788 cases at CPC's office in 2012 and projected 5,430 procedures on 3,067 cases in 2013, the first year of the proposed ASTC's operation, and 5,702 procedures on 3,220 cases in 2014, the proposed ASTC's second year of operation.

The projected Average Gross Charge per case is $817.10, with average deductions from revenue reducing the Average Net Revenue collected to $188.10 per case. The applicant has provided a comparison of the proposed ASTC charges to comparable facilities in the table on page 37.5 of the application. Projections indicate the facility will perform 3,067 cases in the first year of operation. Net operating income less capital expenditures (NOI) of $487,299 is projected, an amount equal to approximately 11% of gross operating revenue during the first year of operation. NOI is expected to remain relatively level at approximately 11% of gross operating revenue on 3,220 cases in the second year of the project, raising its net operating income less capital expenditures to $501,117. The applicant proposes to staff the ASTC with seven (7) FTEs (3.0 FTE RNs, 1.0 FTE X-ray techs, 1.0 FTE Certified Medical Assistant and 1.0 Business Office Clerk/Scheduler, and 1.0 FTE Biller/Coder). The government payor mix is expected to be 31.1% TennCare (or $2,056,600) and 35.1% Medicare (or $2,319,144) based on gross operating revenue in the first year of the project. The applicant states it intends to contract with three TennCare MCOs: TennCare Select, AmeriChoice and AmeriGroup. According to the applicant, Clarksville Pain Consultants currently has a 31% TennCare/Medicaid payor mix with two MCOs (AmeriChoice and TennCare Select) under contract.

The total estimated project cost is $1,012,993. This sum is composed of $275,625 in construction costs with contingency for building out the leased space, $562,500 for a 5 year facility lease, $8,900 in movable equipment purchased for the project, $100,500 for moveable equipment which will be transferred to the applicant from the practice entity, $13,125 in architectural and engineering fees, $45,000 for legal administrative and consultant fees; $4,283 in interim financing and $3,000 for the CON filing fee. The applicant indicates the actual budgeted Capital Costs of the project is $349,933, with the remainder of the project costs being the fair market value of the lease and the transferred equipment from the practice.

The applicant intends to finance the project through a bank loan. A copy of a letter from the Vice President of First Advantage Bank of Clarksville, indicating

First Advantage Bank's interest in providing a $350,000 construction loan to the Surgical and Pain Treatment Center of Clarksville is included as Attachment C.2.

The applicant has submitted the required corporate documentation, the real estate lease and demographic information. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Note to Agency members: Please see the Executive Director's memo which is attached directly behind this summary.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for other Service Area entities proposing pain management ambulatory surgical treatment center services.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PMW
10/10/12

LETTER OF INTENT
TENNESSEE HEALTH SERVICES & DEVELOPMENT AGENCY

2012 JUL 10 AM 11:21

The Publication of Intent is to be published in the Leaf Chronicle, which is a newspaper of general circulation in Montgomery County, Tennessee, on or before July 10th, 2012, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Surgical and Pain Treatment Center of Clarksville (a proposed ambulatory surgical treatment center), owned and managed by The Surgical and Pain Treatment Center of Clarksville, LLC, (a limited liability company), intends to file an application for a Certificate of Need to establish a single-specialty ambulatory surgical treatment center in a medical office building at 2269 Wilma Rudolph Boulevard, Suite #102, Clarksville, TN 37040, at a cost estimated for CON purposes at $1,100,000 (of which $350,000 is the actual capital cost, the balance being the value of leased space and existing equipment).

The facility will be licensed by the Board for Licensing Healthcare Facilities, as an ambulatory surgical treatment facility limited to pain management, with one (1) operating room. The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before July 13, 2012. The contact person for the project is Kimberly Chipman, Authorized Agent, who may be reached at Clarksville Pain Consultants, 2269 Wilma Rudolph Blvd., Suite #107, Clarksville, TN 37040, (615) 727-3038.

Kimberly Chipman RN 7/10/2012 kimber.parotta@gmail.com

(Signature) (Date) (E-mail Address)

7) Staff member update—Phillip Earhart will rejoin Agency staff within the next few weeks. Mr. Earhart was an excellent employee and we are delighted that he is returning to the Agency.

STATE HEALTH PLAN UPDATE – Jeff Ockerman, Director, Division of Health Planning, Department of Health discussed the status of the state health plan. ASTC draft revisions Public Meeting is scheduled for October 25 at 10:00, Sumner Room, 3rd Floor, Tennessee Tower; and Public Meeting for Hospice standards will be on Tuesday at 10:00, October 30th, Cheatham Room, 3rd Floor, Tennessee Tower.

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar application:

Franklin Woods Community Hospital - (Johnson City, Washington County) - Project No. CN1208-042

To initiate extra-corporeal shock wave lithotripsy by relocating the existing unit from Johnson City Medical Center to Franklin Woods Community Hospital. This project will not involve any other major medical equipment, will not initiate nor discontinue any other type of health service, and will not change the licensed total bed count of 80 beds at the facility. Project Cost $13,000.00.

Ms. Hill presented the Consent Calendar project and recommended the Agency approve the certificate of need based on the following reasons:

1) Need – While this is considered a new service to Franklin Woods Community Hospital, in reality it transfers the service from Johnson City Medical Center (JCMC) to Franklin Woods Community Hospital (FWCH) which are both owned by Mountain States Health Alliance (MSHA). This relocation will permit MSHA to more closely align its services with its strategic plan which should benefit patients. This relocation will not result in any additional lithotripters being added to the service area.

2) Economic Feasibility – The project will be funded through the cash reserves of MSHA. MSHA believes it will encourage economic efficiencies since high-acuity services will be provided at JCMC and less intense, minimally invasive procedures will be the focus of FWCH.

3) Contribution to the Orderly Development of Health Care – The project does contribute to the orderly development of health since it will benefit both patients and staff by consolidating all minimally invasive urological services at one site. FWCH and JCMC participate in the same Medicare, TennCare, Cover Tennessee and private insurance programs so there will be no disruption in services.

Dan H. Elrod, Esq., representing the applicant was present to address the Agency and Allison Rogers, Vice President, Strategic Planning, Mountain States Health Alliance was present on behalf of the project.

Mr. Wright moved for approval of the recommendation to initiate extra-corporeal shock wave lithotripsy by relocating the existing unit from Johnson City Medical Center to Franklin Woods Community Hospital and to adopt the recommendation by the Agency's Executive Director, Ms. Hill. Mr. Doolittle seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Mills, Doolittle, Gaither, Weaver, Haik, Byrd, Southwick, Johnson
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

The Surgical and Pain Treatment Center of Clarksville, LLC - (Clarksville, Montgomery County) - Project No. CN1207-036

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) in a medical office building. If approved, the facility will be licensed as an ASTC limited to pain management, with one (1) operating room. The project does not contain major medical equipment, initiate, or discontinue any other health service; and it will not affect any facility's licensed bed complements. Project Cost $1,012,933.00.

W. Brantley Phillips, Jr., Esq., representing the applicant, addressed the Agency. G. Thomas Morgan, M.D., Clarksville Pain Consultants and Kyle Long, M.D., spoke on behalf of the project.

Damon Dozier, M.D., Pain Management of Middle Tennessee spoke in opposition of the project.

Mr. Phillips rebutted.

Dr. Dozier provided summation in opposition of the project.

Mr. Phillips provided summation for the applicant.

Mr. Doolittle moved for deferral of the project based on the discussion by some of the members to resubmit clarifying financial statements, forecasts and projections at the November meeting. Mr. Johnson amended by recommending the deferral to the December meeting. Mr. Doolittle accepted the amendment and included assuming that the applicant and their supporting financial advisors can reconstitute the numbers by that time. Mr. Mills seconded the motion. The motion CARRIED [10-0-0]. **DEFERRED**

AYE: Jordan, Wright, Mills, Doolittle, Gaither, Weaver, Haik, Byrd, Southwick, Johnson
NAY: None

Mr. Southwick recused.

SeniorHealth of Rutherford, LLC - (Murfreesboro, Rutherford County) - Project No. CN1207-031

The addition of sixteen (16) psychiatric beds (8-adult plus 8-geriatric) to its sixty (60) bed hospital. The requested beds will be licensed as hospital beds, as are the already approved beds at the Applicant's hospital. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will serve Medicare, Medicaid, commercially insured and private-pay patients, and the Applicant will be licensed by the Tennessee Department of Health. Project Cost $165,000.00.

E. Graham Baker, Jr., Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Ravi P. Singh, M.D., SeniorHealth of Rutherford, LLC; Kevin D. Lee, President, SeniorHealth of Rutherford, LLC; and Chris Deal, Lieutenant, Rutherford County Sheriff's Department. Present in support was Michelle Fowler, TrustPoint Hospital.

Opposing the project were: Michael D. Brent, Esq. representing Rolling Hills Hospital; Jerry W. Taylor, Esq., representing HCA Health System—Centennial Medical Center; Skyline Medical Center – Madison Campus; Summit Medical Center; and Stones River Hospital; Michelle S. Wisniewski, Director, Business Development, Rolling Hills Hospital; Sue Conley, CEO, Stones River Hospital; and Anita Peterson, Vice President, TriStar Health Systems. Present in opposition were: Sarah Clark, CFO, Stones River Hospital; and Richard Bangert, President, Rolling Hills Hospital.

Mr. Lee and Mr. Baker rebutted.

Melissa Sparks, Director of Crisis Services, Department of Mental Health Services and Substance Abuse responded to questions from members.

Mr. Brent and Mr. Taylor provided summation for the opposition.

Mr. Lee and Mr. Baker provided summation for the applicant.

Mr. Wright moved for approval of the project for the addition of sixteen (16) psychiatric beds: 8-adult and 8-geriatric beds based on: 1) Need – The need has been established by the reports from the Department of Mental Health Services; 2) Economic Feasibility – The financing is established by cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care based on the testimony given based on the out-migration of a tremendous amount of patients from Rutherford County. Ms. Weaver seconded the motion. The motion CARRIED [6-2-1]. **APPROVED**

AYE: Wright, Doolittle, Gaither, Weaver, Byrd, Johnson
NAY: Jordan, Mills
ABSTAINED: Haik

BASS
BERRY • SIMS PLC

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

W. Brantley Phillips, Jr.
PHONE: (615) 742-7723
FAX: (615) 742-2842
E-MAIL: bphillips@bassberry.com

September 28, 2012

Via E-Mail
(followed by U.S . Mail)

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Surgical Pain & Treatment Center of Clarksville LLC, CN1207-036

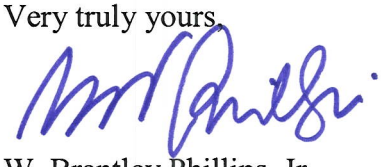
Dear Ms. Hill:

In connection with the above-referenced Certificate of Need application, please find attached a letter of support for the proposed project from State Representative Joe Pitts. Please include this letter in the application file.

Thank you for your attention this matter. Please do not hesitate to contact me with any questions about the foregoing.

With kind regards, I remain,

Very truly yours,



W. Brantley Phillips, Jr.

WBP:
Attachment
cc: Kyle Longo, D.C.

11192000.1

JOE PITTS
STATE REPRESENTATIVE
HOUSE DISTRICT 67

34 LEGISLATIVE PLAZA
NASHVILLE, TN 37243-0167
PHONE: (615) 741-2043
FAX: (615) 253-0200

544 HAY MARKET ROAD
CLARKSVILLE, TN 37043
PHONE: (931) 551-8215

RENA CLARK – LEGISLATIVE ASSISTANT

EMAIL: rep.joe.pitts@capitol.tn.gov

June 28, 2012

House Chamber
State of Tennessee

NASHVILLE

VICE CHAIRMAN
HOUSE DEMOCRATIC CAUCUS

COMMITTEES

COMMERCE

EDUCATION

GENERAL SUB-COMMITTEE OF EDUCATION

GENERAL SUB-COMMITTEE OF COMMERCE

To Whom It May Concern:

I am pleased to offer my letter in support of the application for a certificate of need by Kyle Longo, D.C. and the Clarksville Pain Consultants clinic in Clarksville, Tennessee. I have known Dr. Longo, both personally and professionally for many years now and find him to be a very capable and talented medical provider and citizen. He is a man of integrity and character, and treats his patients with the utmost in care and concern for their physical and emotional well-being.

My wife has been under Dr. Longo's care for several years, treating a variety of physiological issues. At all times, Dr. Longo and his staff have been very attentive to her needs and prescribed treatments that were appropriate for her long term good health. They were also very helpful in setting up a regimen of treatment activities that she could do at home to prevent and address any lingering issues that might arise.

Dr. Longo is also an integral part of the Clarksville community. He regularly speaks to business, industry, civic organizations and other groups on the importance of wellness and health. He also provides uncompensated care to patients who cannot afford his services and/or their health insurance plans do not include his clinic.

This application for a CON for the establishment of an ambulatory surgery center will, I am sure, demonstrate that Dr. Longo will meet and exceed all requirements of state and federal law. He will, to be sure, hold himself and those under his supervision to the highest ethical standards established by their profession.

I trust you will give the application for a certificate of need by Dr. Kyle Longo and Clarksville Pain Consultants full and earnest consideration.

Sincerely,

Joe Pitts
State Representative

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
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DATE: September 28, 2012

APPLICATION #: **CN1207-036**

APPLICANT: Surgical and Pain Treatment Center of Clarksville
2269 Wilma Rudolph Boulevard, Suite 102
Clarksville, Tennessee 37040

CONTACT PERSON: Kimberly Chipman, RN, BSN, JD

COST: $1,100,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:
The applicant, Surgical and Pain Treatment Center of Clarksville, located in Clarksville, (Montgomery County) Tennessee, seeks Certificate of Need (CON) approval to establish a single-specialty ambulatory surgical treatment center (ASTC) limited to pain management in a medical office building at 2269 Wilma Rudolph Boulevard, Suite 202, Clarksville, Tennessee. The project does not require the purchase of major medical equipment or initiate or discontinue any other health service, and will not affect any facility's licensed bed complements.

The facility will have one operating room that will be developed by adding 1,500 square feet of office space adjoining Clarksville Pain Consultant's current practice. Drs. Kyle Longo and G. Thomas Morgan are the owners of Clarksville Pain Consultants, and have been offering medical and chiropractic services since 2009. In late 2011, the practice expanded to add higher level interventional pain management procedures, performed by Clarksville-area physicians, all of which are Board Certified in Pain Management and experienced in interventional pain management procedures.

G. Thomas Morgan, MD, is certified by the American Board of Physical Medicine and Rehabilitation and also the American Board of Pain Medicine. He completed an Interventional Spine Fellowship at the Spinal Diagnostics and Treatment Center in Daly City, California (01/1992 – 03/31/1992). He has served as the team physician for several high schools, colleges, and the US Olympic Team. He was voted one of "The Best Doctors in America" from 1996 to 2006. His Curriculum Vitae is enclosed with the original application. He oversees patient care at Clarksville Pain Consultants (CPC) and performs interventional pain management procedures.

Dr. Kyle Longo does not perform any interventional pain management procedures; however, he does provide chiropractic treatment for CPC patients.

Clarksville Pain Consultants is the owner of the proposed ambulatory surgical center, The Surgical and Pain Treatment Center of Clarksville. The majority owner of CPC is Kyle M. Longo, DC (95%), with G. Thomas Morgan, MD (5%), as the remaining owner and Medical Director. Neither Dr. Longo nor Dr. Morgan has other interests in any Tennessee healthcare facility.

The build-out of the 1,500 square foot facility will cost $350,000, or approximately $175 per square foot (for 1,500 SF renovated space and 2,400 SF of total leased space (an additional 900 SF of shell space must be leased due to the building configuration, which will be used for storage)).

The project cost is $1,100,000, of which $350,000 is the actual capital cost. The rest represents leased space and the value of existing equipment being moved from the practice office to the proposed ASTC. The equipment moving to the proposed ASTC includes an Ultrasound, Fluoroscopy equipment, and C-Arm currently in use by the practice. It will be purchased by the facility at fair market value. First Advantage Bank is funding the entire project, and documentation of the 20 year loan is detailed in Section C. Economic Feasibility – 2, Documentation of Availability of Funding.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

NEED:

Service Area Total Population Projections for 2012 and 2016

County	2012 Population	2016 Population	% Increase/ (Decrease)
Cheatham	42,222	44,357	5.1%
Davidson	602,257	618,202	2.6%
Dickson	49,744	51,903	4.3%
Houston	8,238	8,344	1.3%
Montgomery	159,209	167,554	5.2%
Stewart	14,151	14,854	5.0%
Total	**875,821**	**905,214**	**3.4%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision,* Tennessee Department of Health, Division of Health Statistics

The following chart illustrates the hospital based operating room surgeries for the applicant's service area.

Service Area Hospital Operating Room Utilization, 2010

Hospital	Inpt. ORs	Inpatient Procedures	Dedicated Opt. ORs	Outpatient Procedures
Centennial Medical Ctr.-Ashland City	0	0	1	146
Southern Hills Medical Center	10	1,246	10	4,692
Metro Nashville General Hospital	9	1,785	0	2,593
Baptist Hospital	26	21,268	0	15,129
Saint Thomas Hospital	18	27,175	2	5,852
Vanderbilt University Hospital	61	43,346	6	39,399
Centennial Medical Center	33	9,939	4	4,566
Skyline Medical Center	12	*2,266	0	*2,906
Summit Medical Center	10	2,195	0	4,167
Gateway Medical Center	12	2,571	0	4,979
Patient's Choice Medical Center	3	56	0	0
Center for Spinal Surgery	6	1,273	0	2,200
Metro Nashville General Hospital	9	1,785	0	2,593

Source: *Joint Annual Report of Hospitals 2010,* Tennessee Department of Health, Division of Health Statistics

*Skyline Medical Center reported encounters rather than procedures.

Service Area Multi-Specialty ASTC Utilization, 2011

Facility	ORs	Procedure Rooms	2011 Procedures
Centennial Surgery Center	6	2	13,486
Northridge Surgery Center	4	2	16,416
Baptist Ambulatory Surgery Center	6	1	16,059
Saint Thomas Campus Surgi-Care	6	1	25,441
Baptist Plaza Surgi-Care	9	1	21,635
Nashville Surgery Center	5	1	5,293
Summit Surgical Center	5	1	14,112
Surgery Center of Clarksville, LP	4	2	6,500
Clarksville Surgery Center	3	2	4,080
Total	**48**	**13**	**123,022**

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2011,* Tennessee Department of Health Division of Health Statistics

Service Area ASTC's Performing Pain Management Procedures 2011

Facility	ORs	Procedure Rooms	2011 Procedures
Centennial Surgery Center	6	2	3,625
Northridge Surgery Center	4	2	8,318
Baptist Ambulatory Surgery Center	6	1	2,352
Saint Thomas Campus Surgi-Care	6	1	6,439
Saint Thomas Outpatient Neurosurgical Center	2	1	5,544
Baptist Plaza Surgi-Care	9	1	1,161
Summit Surgical Center	5	1	1,421
Premier Radiological Pain Management Center	0	2	6,701
Surgery Center of Clarksville, LP	4	2	1,844
Clarksville Surgery Center	3	2	236
Tennessee Pain Surgery Center	1	3	7,848
Total	**46**	**18**	**45,489**

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2011,* Tennessee Department of Health Division of Health Statistics

The applicant cites a recent 2011 report from the *Institute of Medicine,* 'Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research", which states that "Chronic pain affects about 100 million American adults – more than the total affected by heart disease, cancer, and diabetes combined. Pain also costs the nation up to $635 billion each year in medical treatment and lost productivity."

The applicant states that current patients continue to seek alternatives to spinal surgery and to pain control medications which are controlled substances.

TENNCARE/MEDICARE ACCESS:

TennCare Enrollees in the Proposed Service Area

County	2012 Population	TennCare Enrollees	% of Total Population
Cheatham	42,222	6,122	14.5 %
Davidson	602,257	118,944	19.7%
Dickson	49,744	8,895	17.9%
Houston	8,238	1,810	22.0%
Montgomery	159,209	23,758	14.9%
Stewart	14,151	2,540	17.9%
Total	**875,821**	**162,069**	**18.5**

Source: *Tennessee Population Projections 2000-2020,* February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment,* Bureau of TennCare,

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

In the Project Costs Chart, the total estimated project cost is $1,012,933, which includes the following expenditures:

Item	Description	Cost
1	Architectural and Engineering Fees	$ 13,125
2	Legal, Administrative, Consultant Fees	$ 45,000
3	Construction Cost	$ 262,500
4	Contingency Fund	$ 13,125
5	Moveable Equipment Costs	$ 5,000
6	Fluoroscopic Table, office furnishings, & telecommunication equipment	$ 3,900
7	Acquisition of facility (inclusive of building and land)	$ 562,500
8	Other Equipment (C-Arm, Copier, Scanner, Computers, Ultrasound	$ 100,500
9	Interim Financing	$ 4,283
10	CON Filing Fee	$ 3,000

The proposed ASTC facility will have one operating room that will be developed by adding 1,500 square feet of office space adjoining Clarksville Pain Consultant's current practice. The focus will be on physician-driven patient care that employs the use of chiropractic treatment and various pain management interventions that require more intensive monitoring, possible sedation, recovery and discharge education. In doing so, several things will be accomplished; 1) patient satisfaction related to location, scheduling availability and ease of accessibility will be increased; 2) Physician efficiency will be increased; 3) Costs will be reduced and allow the delivery of care to patients who are un-insured or under-insured; and 4) the movement of certain procedures to an OR setting will improve reimbursement rates and enable the continued care of all patients within the defined service areas that include Montgomery, Stewart, Houston, Dickson, Cheatham and Davidson Counties in Tennessee and Christian County in Kentucky.

First Advantage Bank of Clarksville Tennessee expects to provide both construction and permanent financing for this project at an interest rate of approximately 5% for a term of 5 years with up to a 20 year amortization. An amortization schedule reflecting payment for their loan is included in Section C: Economic Feasibility – 2, Documentation of Availability of Funding.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant will seek transfer agreements with Gateway Medical Center and other acute care facilities necessary to ensure patient care. Presently the facility, Clarksville Pain Consultant's, currently participates in both Medicare and Medicare/Tenn Care. It also plans to contract with AmeriChoice, AmeriGroup and TennCare Select. Other MCO's will be considered following the growth of current medical staff.

The new facility will not negatively impact other surgical facilities in the Clarksville area. Clarksville Pain Consultants is one of two ambulatory surgery treatment centers in the area. The other provider with outpatient ambulatory surgical procedure capabilities is Gateway Medical Center. The applicant anticipates that the project will not relocate interventional procedures from another facility, other than their own since none of their current physicians perform procedures anywhere else. Both existing ASTC's are currently meeting the State Guidelines of 800 procedures per room despite the current patient volumes that are being performed at Clarksville Pain Consultants.

The applicant states that there are many benefits of the proposed ASTC facility and these are patient as well as practice focused. Below is information about each focus area.

1. **Patient focused:**
   - patients demand for availability of less-invasive procedures/interventions
   - patients demand for options to surgery and/or narcotics
   - patient has increased satisfaction due to more intensive monitoring, possible sedation, recovery, and discharge testing
   - patients won't experience scheduling delays due to limited number of facilities providing higher levels of pain management interventions

2. **Practice focused:**
   - close proximity of the ASTC to the current pain management practice will enable the physicians to be more efficient and control costs
   - movement of certain procedures from the office to an OR setting will improve reimbursement and assist in off-setting these costs and allow CPC to continue their services

The applicant provides details about staffing which will be subcontracted from the practice office staff, with only the hiring of any additional front-office clerk/scheduler, and 2 RNs – one for the procedure room/infection control practitioner and one for recovery room/staff education. A total of 6.6 FTEs will be allocated to the surgery center based on operating 3 days per week.

The facility will participate with Medical Assistant training programs and allow internships from Miller-Motte and similar institutions.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

AMBULATORY SURGICAL TREATMENT CENTERS

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

   The applicant states this project is an expansion into space adjacent to the current existing Clarksville Pain Consultant's office. The new addition will include an exam room/patient staging area, patient changing/toilet, surgery suite, two pre-op rooms, two Recovery Rooms, a clean utility room, soiled utility room, secure storage room, waiting/reception area, nursing/staff work area and common area. The facility will be utilized only for interventional pain management procedures. The facility will be operational in first quarter of 2013.

   a. An operating room is available 250 days per year, 8 hours per day.

   The applicant does not meet this criteria; the stated facility will only be open three (3) days per week. The calculation for the estimated days of availability is 52 weeks x 3 days = 156 days per year. Even if the facility were to be open, an additional day, as indicated in the application, the total amount of days would only amount to 208 days (52 weeks x 4 = 208 days).

   b. The average time per outpatient surgery case is 60 minutes.

The applicant states that for interventional pain management procedures associated with this project, the average case time is 15 minutes.

c. The average time for clean-up and preparation between outpatient surgery cases is 30 minutes.

The applicant state that the average time for clean-up and preparation between outpatient surgery cases is 5 minutes. This brings the estimated total of cases per hour at 3 cases per hour when considering both the procedure and turnaround times.

d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

The applicant indicates that their facility will exceed this required amount. Projections for first year are 3.067 and 5,430 for year two.

e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

The applicant indicates that all operating rooms in the area have been counted and included as taken from the Annual Joint Report.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The applicant indicates that the current primary service areas of Montgomery and Stewart counties will continue to represent 86% of their expected patient population. The facility is located in Clarksville, in central Montgomery County, which is easily accessible to the service area via I-24 and other major highways. The applicant states further that there is public transportation that has a bus stop directly in front of their facility.

3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

The applicant indicates that the majority of their patients live within thirty minutes of their facility as they are located in central Clarksville which is located in central Montgomery County.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

The applicant's response is that they comply with this criterion and information pertaining to this requirement has been outlined already in section d of this report above.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Facilities Commission may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

The applicant maintains that pain procedures contributed 2,159 of the procedures which was an increase of 23% over 2008 volumes of pain management interventions in the primary service area. They state further that the physicians currently working at Clarksville Pain Consultants do not perform procedures at the other provider facility. They indicate that Clarksville Pain Consultants will be the primary referral source for the proposed facility. In 2010, the two general ambulatory surgical centers performed 9,377 procedures.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

   The proposed project contains one single-specialty/pain management intervention procedure room.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

   The applicant states that their annual projection is based on current patient population needs for interventional pain management. Their projections assume a modest increase in volumes, 10% for Year One and 5% for Year Two. There is no projected volume increase based on marketing strategies, as the facility will continue to receiver patients from provider based referrals.

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

   The applicant provides detailed information about their primary and secondary services areas which include the following.
   1) *The primary service area includes Montgomery (73%) and Stewart County (13%) which makes up 86% of the total projected patient origin.*
   2) *The remaining population, or secondary service area includes Christian County in Kentucky (10%), and counties in Tennessee that include Houston (1%), Dickson County (1%), Cheatham County (1%), and Davidson County (1%). The total of both service areas is 100%.*